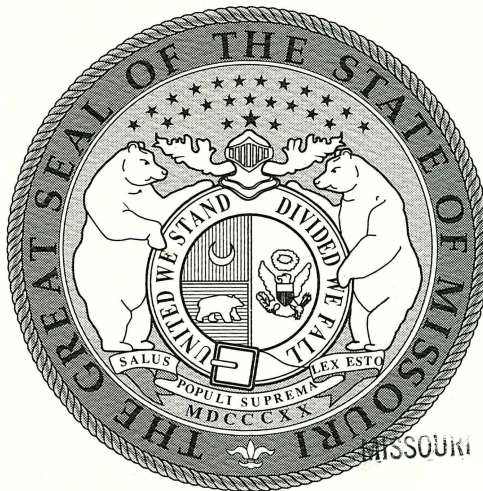


THE FINAL REPORT



**EFFICIENT
OPERATIONS
TASK FORCE**

AUGUST 31, 1994

**COMMISSION ON MANAGEMENT
AND PRODUCTIVITY**

Efficient Operations Task Force

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Glossary

Efficient Operations Task Force

Executive Summary

Background

The Commission on Management and Productivity was convened by Governor Carnahan in February 1994 to conduct a major review of state government, evaluate its strengths and weaknesses, and prescribe reform. This has been a collaborative effort between the executive branch, legislative branch, and the private sector to analyze issues and develop solutions for improving management and enhancing customer service in Missouri state government. Six task forces developed recommendations and implementation strategies on the following issue areas: fiscal policy, workforce, efficient operations, management improvement and customer services, automation, and strategic planning.

The Efficient Operations Task Force was charged with the mission to "develop operational policies and procedures that improve economy, efficiency, effectiveness, and equity." During the course of their work, the task force collected and analyzed data, conducted interviews with focus groups, contacted other states, and surveyed state employees. This report details the results of their analysis and evaluation and their recommendations related to efficient operations.

Recommendations

The task force formed three separate family groups to analyze the following issues: consolidation/privatization issues; the merit system process; and the procurement process.

Consolidation/Privatization Issues. The following five recommendations reflect the work of the consolidation/privatization family group's analysis and recommendations.

1 *Create an ongoing process by which to identify, select and act upon consolidation, privatization, effectiveness and efficiency improvement opportunities.*

The task force found that the State does not utilize any ongoing processes, incentives or mandates to identify these types of opportunities and realize continual cost savings. In addition, a cultural bias exists that focuses on how support functions are unique to departments rather than a recognition of the similarities across departments or divisions. In order to address these issues, the task force recommends the creation of a Council on Efficient Operations and an Implementation Team to identify, select, implement and evaluate opportunities for such projects. Neither the Council nor the Implementation Team would require incremental funding as they are shared resources donated by departments. Potential significant savings would be anticipated through the activities of the Council and the Implementation Team.

2 *Consolidate departmental printing from its current decentralized, independently managed state to a centrally managed approach with responsive point of need satellite locations as necessary.*

Missouri's State Printing is one of the most productive print environments in the State. However, not all departments or commissions use the State's facility. This results in a partially centralized system that is well-equipped but under utilized. The task force anticipates that savings over \$1,112,751 could be realized if the printing consolidation project is implemented. This would be achieved by consolidating departmental volume to central management and expanding the State printing operation to two shifts daily.

3 *Consolidate selected agency warehouse/storage areas located in Jefferson City into a single warehouse facility operated by the Missouri Correctional Enterprises.*

In 1994, legislation was passed which authorized Missouri Correctional Enterprises to construct and operate a central warehouse in Jefferson City. The task force examined existing warehousing sites in terms of labor and space costs to identify those sites which could be consolidated into the new Missouri Correctional Enterprises facility. They found that fifteen state agencies currently operate thirty-three independent warehouse/storage areas for a combined area of 412,955 square feet. These independently operated warehouses result in the duplication of equipment, stored material, and supervision. Based on projected warehouse charges, a potential cost savings of \$1,132,158 could be realized by the state if twenty-four of these warehouse/storage areas are consolidated.

4 *Merge Capitol Police with Missouri Highway Patrol. Analyze potential privatization opportunities for those Capitol Police performing security functions.*

Created in 1983, the Capitol Police have fully certified law enforcement officers, communication facilities, training and supervisory staff. Frequently, however, the Capitol Police and Highway Patrol share similar duties. By combining forces, more training resources, fuller certification and improved career paths may be available to Capitol Police staff. Reductions in communication and supervisory labor costs would be achieved by moving the Capitol Police communication staff and equipment to the control of the Highway Patrol Troop F Communications Division. Additional savings can be projected via the privatization of those full-time equivalents that are involved in security patrol duties. The task force anticipates that a yearly savings of \$144,000 could be achieved by these consolidation and privatization recommendations.

5 *Consolidate Jefferson City mailing/postal services for state government into a single service, utilizing more than one eight-hour shift.*

All state departments handle their own incoming and outgoing mail with discretionary

power to use the state's bulk mailing contact. Presorting, bar coding mail, reorganizing address data bases, soliciting bids from private sectors and increasing the number of shifts would achieve lower postal rates, as well as reduce duplication of services, compensation and use of floor space. Consolidation would result in a total savings for the state of over \$1,340,000 as well as improved postage services.

Merit System Process. This family group examined the current personnel system, interviewed line and staff from various agencies, surveyed personnel functions in all agencies and studied existing state personnel programs in other states. The following recommendations outline the task force's proposals to create a decentralized human resources delivery system that empowers state agencies to effectively and efficiently manage their workforce and personnel functions.

6 ***Transform the Personnel Advisory Board into an organization that would decentralize the state personnel system to enable state agencies to meet their personnel needs more effectively while simultaneously adhering to merit principles.***

The board is in an advantageous position to reform the state personnel system but currently operates within a statutory framework that does not encourage decentralization. By giving the board a statutory mandate to implement a strategic plan for reforming the system, it can use its experience and expertise to reinvent a personnel system that meets the State's changing needs. The task force recommends renaming the board and the existing Division of Personnel to the Board of Human Resources and the Division of Human Resources. These changes are intended to reflect the board's and the division's new roles under the proposed decentralized system.

7 ***Provide necessary equipment, software and training to implement a comprehensive applicant and personnel data base accessible to all agencies.***

The State lacks a central data base to maintain applicant and personnel related information. On-line access to job openings, applicant and employee information is limited or nonexistent. Application processing and candidate evaluation are completed manually. It is estimated that the Division of Personnel handles over 400,000 pieces of paper each year. Approval of a \$464,000 budget request would allow the data processing and office automation capabilities to be upgraded. By eliminating duplication of tasks, a better quality product as well as substantial savings are expected to occur.

8 ***Create a job information clearinghouse maintained by the Division of Human Resources that provides on-line access to all state agencies.***

No central data base containing applicant related information exists to assist employers in selection and human resources planning. Applicants are furnished with data about job selection, available openings, and guidance as to the application process only on a

of services could be provided to the state agencies relative to candidate information, profiles, skill banks, recruitment announcements and consultative services. Applicants could be furnished general job information, guidance on the application process, placement in central skills banks and immediate access to job information via telephone access.

9 *Delegate to the agencies appropriate authority to recruit, evaluate and hire for most positions, so that hiring may be done for specific jobs, not general job classifications.*

Presently, position vacancies are listed and exams given for job classes as a whole, whereas hiring managers and supervisors select for specific positions. The need to select for a particular position is not best served by a process that qualifies candidates for a general class. The practicality and desirability of position-specific hiring increases for positions with specific location or extensive skill and/or experience requirements. For those jobs a relatively small pool of potential applicants exists. The implementation of this recommendation would make for more efficient recruitment, improved recruitment of qualified employees from protected classes, and increased productivity through compatibility of employees' skills and positions.

10 *Implement classification system that organizes positions within broad classifications to promote a more flexible and effective system in order to meet workforce needs.*

The present system contains a variety of broad and narrow, specific and general classifications. The process of "reclassification" is a means by which a position is reevaluated and has become a surrogate for the promotion/raise process. By merging the existing classifications into broader, more generic classifications, management flexibility is increased, the need for job evaluation is minimized, and the number of vertical levels and job titles will be reduced. Thus, employees would be allowed to assume tasks that are more compatible with their skills.

11 *Develop a broad range of recruiting tools and approaches to allow more focused, faster hiring and to improve access to various candidate pools.*

The current process of seeking qualified workers often consists of simply announcing and posting openings and then collecting applications. Recruiting activities appear to be conducted by different agencies with no coordination and many potential job applicants never become knowledgeable of state employment opportunities. With direction from the Board of Human Resources, each agency would be able to determine the appropriate recruiting strategies to use to attract candidates for their specific positions.

12 *Delegate authority for personnel functions to the agencies while allowing the Division of Human Resources to provide continuous performance review.*

If authority for the processing of personnel actions is delegated to state agencies, as recommended by this task force, a performance review process would need to be in place within the new Division of Human Resources. Under the revised hiring system, the Division of Human Resources would have a greater role in reviewing agencies' performance and implementation of the recommended procedures. This would change the role of the Division Human Resources from an operational participant in the process to a broader role as a support and management resource.

13 *Replace the present employee performance appraisal process with a performance management model centered on quality management, customer needs and designed to ensure the agencies' ability to fulfill their goals and objectives.*

The task force interviewed approximately 200 state employees for input into the performance appraisal process. They found that employees were frequently unclear of the purpose of the appraisals and did not see the appraisal system as accurately assessing their job functions. Further, they viewed it as an annual "chore" that must be accomplished. A performance appraisal system centered on quality improvement, customer needs and organizational goals should be created by the Board of Human Resources. The Division of Human Resources should provide consultative services to all state agencies to ensure implementation.

14 *Develop and make available a range of assessment techniques to qualify and evaluate candidates.*

A large scale administrative infrastructure based on testing is an expensive approach that does not necessarily produce the best candidate for the job. Though this task force did not examine the fiscal impact of this recommendation, it is expected that using a variety of assessment techniques (i.e., interviews, skills inventories, resume reviews and business simulations and work related exercises) in the various agencies would eliminate time consuming duplication of services that could result in cost savings to the State. It is further expected that positions could be filled more promptly with employees that have skills better suited to the agencies' needs.

15 *Establish a statewide Comprehensive Policy on Career Development and Training for the state workforce with emphasis on quality management, performance outcomes, meeting customer needs and accomplishing the performance objectives of the agency.*

Missouri's investment in career development and training has not been a top priority and has suffered during times of fiscal constraints. Training access, commitment and

availability varies significantly among the agencies. The task force recommends that the Board of Human Resources develop a statewide Policy Statement on Career Development and Training be developed. Developing a comprehensive career development and training program is expected to improve employee productivity, increase the retention rate of quality employees, and will give employees an opportunity to become acquainted with the "best practices" available in their area.

Procurement Process. The task force studied the present procurement methods and developed the following recommendations intended to promote a more efficient and effective statewide procurement process.

- 16** *Revise and consolidate procurement statutes into a uniform code that will support effective and efficient purchasing processes. Major revisions include the following: increase the "no bid" limit, increase the formal bid limit, authorize the use of negotiations, authorize the use of sole source, provide use of multi-year contracting; and authorize the use of electronic information exchange.*

Up-to-date procurement legislation will provide a mechanism by which the State can serve the needs of its citizens in a more effective manner. It will allow flexibility and empowerment that would result in a streamlined bid process, reduce the cost of the bid process and allow the State to function efficiently in today's marketplace. Many states have adopted legislation which is patterned after the Model Procurement Code, developed by the American Bar Association. The specific legislative recommendations made by the task force are supported by information received from other states, the National Association of State Purchasing Officers, the National Institute of Government Purchasing, and the Council of State Governments.

- 17** *Reengineer the state's procurement process to fully automate the procurement function, including electronic invoicing, which could save the state a minimum of \$24 to \$26 million dollars.*

During the 1993 fiscal year, the state purchased an estimated \$3.5 billion of products and services from a minimum of 3,000 vendors. Inconsistency in multiple data sources and inadequate item level detail prevents accurate accounting of total expenditures, products and services. Currently the State awards contracts for one year or less (almost exclusively based on low bid), depends heavily on written communication and does not have an adequate way of assessing procurement procedures. The task force recommends an integrated statewide procurement data system which will lower costs per invoice, decrease stock outages and alleviate the need to maintain large inventories.

- 18** *Develop a strong partnership between the Office of Administration's Division of Purchasing and Materials Management and the departmental procurement functions so that periodic reviews of the procurement processes will be performed with the goals of eliminating inefficiencies, improving communications, and*

improving procurement effectiveness.

The task force identified a list of process changes which will eliminate duplication of efforts, unnecessary paperwork, and inconsistencies in application of internal policy and procedures of the Office of Administration's Division of Purchasing and Materials Management. Implementation and review of many of these internal process revisions have been started by the division. The most critical problem remaining is establishing a strong interface between the user agencies and the division. The task force recommends a procurement partnership program to establish a new level of communication between the using agencies and the division.

CONSOLIDATION/ PRIVATIZATION

EFFICIENT OPERATIONS TASK FORCE

Consolidation/Privatization Process Recommendation

Recommendation

Create an ongoing process by which to identify, select and act upon consolidation, privatization, effectiveness and efficiency improvement opportunities.

Background

The Efficient Operations Task Force surveyed state personnel and conducted in-depth interviews to identify potential areas or projects suitable for consolidation or privatization. Several projects were identified (print services, warehousing, postal services, and capitol police) and recommendations specific to those areas are provided later in this document. While examining these potential projects, the task force determined that the State does not utilize any ongoing processes, incentives or mandates to identify, evaluate and implement consolidation, privatization or efficiency solutions. Each agency operates independently within its own silo which leads to considerable duplication of support functions. Although the Office of Administration is intended to be a centralized provider of similar support services it has not captured the numerous areas of duplication. Among the reasons are a perceived or real lack of competitive cost, trust and commitment to customer satisfaction. Additionally, the agencies have a mindset to keep control of duplicate supporting services within their agency.

The environment within which state government operates is constantly changing. However, the State does not have a means to analyze and evaluate the way it does business within the context of this changing environment. Practices that were adopted years ago may no longer be effective nor efficient (i.e., services that are duplicated within or among departments, functions that have ceased to add value, etc.) As a result, there is a lost opportunity for the State to identify efficiencies and realize substantial cost savings on a continual basis across departmental lines of authority.

One barrier to the recognition of such opportunities is the Type Transfer mechanism, which was initially created by the Reorganization Act of 1974. Prior to 1974, over 90 independent departments, boards, commissions and agencies reported directly to the Governor. This was obviously an inefficient system and was replaced with a structure in which the 90 state agencies were consolidated into 14 executive departments (allowances were made for a total of 16 in later years). Many of these 90 agencies had long histories of independence and preferred reporting directly to the Governor. The transition from agency to department was handled on an individual basis, as there were some instances where a clear separation of power(s) was needed.

This Type Transfer mechanism provides for three levels:

- | | |
|--------|--|
| Type 1 | Division has little capability of independent action. Looks to the Department Director for leadership and guidance, as well as budgetary control. |
| Type 2 | Division has considerable capability of independent action. Department Director cannot provide any policy or operational direction, but has budgetary control and some personnel influence. |
| Type 3 | Division has virtual autonomy for independent action. Department Director has no authority except budgetary control (in 1974, this was appealing to the Legislature who preferred not to deal with a large number of budgets). |

As a result, attempts by department directors to streamline organizations or to reduce duplication or waste is met with much resistance by those divisions who are quite content with the current arrangement. This issue impacts the recommendations put forth by the Efficient Operation Task Force. Type Transfer could also affect other task force recommendations that may require coordination and cooperation across division or departmental lines.

In addition to this scheme, the Reorganization Act gave statutory authority to the Governor to appoint many if not all of the division directors in several departments. This results in the undesirable effect of promoting the perception that some division directors report directly to the Governor and need not heed the direction or leadership of the department director. In effect, department directors are assigned all of the responsibility for their organization, but have been denied the authority to lead and direct.

Another barrier to recognition of consolidation and privatization opportunities is the belief that support functions are unique to each department. In many instances, the task force found that departments or divisions within departments contend that functions can only be maintained in-house due to funding sources, or are reluctant to share resources. While the task force agrees that support functions such as warehousing, mail services, printing and fleet maintenance are critical to many departments they are by no means unique. This is another reason why consolidation or privatization opportunities are not pursued as there is a focus and adherence to "how we are unique" instead of a focus on "how we are similar." A cultural shift will need to occur to identify and pursue these similarities in order to promote efficiencies throughout state government.

Rationale

Based on extensive research, The Efficient Operations Task Force discovered that many local and state government entities have been successful in instituting a process to identify consolidation, privatization and other efficiency opportunities. The model adopted by the state of Texas is an example of the most productivity in both efficiency and cost savings. During its first year of operation, the Texas Council on Competitive Government identified and implemented projects which resulted in \$12.7 million in savings.

The city government of Indianapolis, Indiana established a group (Service, Efficiency and Lower Taxes for Indianapolis Commission) similar to the Texas model. In 1992, their efforts resulted in a significant annual savings. In Michigan, the Public-Private Partnership Commission is in the process of reviewing more than 200 possible opportunities, calling for a comprehensive analysis of every activity and program. In Maryland the Governor's Advisory Council on Privatization was created to identify use of public/private partnerships and the accompanying costs and savings. In each of these examples, the governmental entity established a process to inject competition, fairness and efficiency into the provision of services. These significant initiatives could not have been accomplished without a driving force (such as a Commission, Council or oversight body) behind the process.

In its report, An Action Agenda to Redesign State Government, The National Governor's Association identified the following critical success factors as essential components of successfully managing efforts in the states:

- **Organizational Focal Point.** Some person or organization should be designated to manage this often complex process, as government agencies seldom have the capacity to focus on much beyond day-to-day operations. An administration-wide program should be established to routinely identify and pursue opportunities, with leadership prepared to suggest, cajole, coerce and even force cooperation when necessary.
- **Analysis.** There are times when privatization is not in the interest of the taxpayers of a state and other times when it is ideal. Good decision making requires careful and thorough analysis of the risks and potential rewards. A fully allocated cost-comparison of public versus private provision is the most important tool, and often the one most difficult to obtain.
- **Top-Down Commitment.** Managers must perceive privatization or consolidation as a top personal priority of the Governor.

Implementation

The task force recommends the creation of a Council on Efficient Operations and Implementation Team to identify, select and pursue consolidation and/or privatization opportunities. This concept has been modeled after the Texas Council on Competitive Government. As was the case in Texas, a cultural shift away from defending and funding duplicate proprietary resources and working toward a sharing of common resources requires an unbiased and independent oversight group.

Initially, neither the Council nor the Implementation Team requires incremental funding as they are shared resources donated to the task by the departments. The ongoing cost of the team should be compared to the savings realized by their achievements. Consideration should be given to funding the cost of the team from a portion of the savings produced. Formation and implementation of the process should be accomplished as soon as possible.

The Efficient Operations Task Force identified the following implementation strategies for creating an ongoing process by which to identify, select and act upon consolidation, privatization, effectiveness and efficiency improvement opportunities.

On page 7 is a flow chart which illustrates the overall flow of activities and the office or person responsible for those activities. In addition, the following implementation strategies are recommended:

1. The process team should establish a format and procedure to identify uniform and complete cost for government operations. The states of Texas and Michigan have impressive formats which have been used to create a proposed cost model for Missouri. A copy of these cost methodologies are provided in Attachment A. This task force has found major differences in how agencies currently calculate in house cost. In order to accurately compare cost, a uniform model must be used.
2. Allow agencies to retain a percentage of the savings realized through the implementation of cost saving measures. This proposal will require statutory enactment.
3. Continuously monitor success of similar initiatives in other states. The Council of State Government could be used to gather and analyze and disseminate this information.
4. Review the current Type Transfer system for the appropriate distribution of powers, duties and functions across all state departments and divisions. The assignment of transfer types in 1974 may no longer be appropriate given the current

operational environment. In some cases, however, it will be necessary to preserve the separation of roles and power. In addition, provisions should be made for agencies whose independence is absolutely necessary, such as The Human Rights Commission. Once directors have the authority to manage their department, they will better understand the Governor's vision on efficient operations and be able to detect and act upon inefficiencies within their own organization.

Additional Projects:

Once the Council is formed, a number of projects await implementation. The following projects have been identified as being large opportunities that warrant immediate attention. The task force believes there are many additional opportunities.

Fleet Maintenance:

The Missouri fleet maintenance strategy is in most cases strictly the domain of individual departments. A study of only three Departments (Conservation, Highways and Transportation Department and Natural Resources) yielded twenty separate maintenance facilities to serve generic fleet assets (trucks, tractors, sedans, etc.). In some cases different departments maintain two or three facilities within miles of each other. This results in duplicate equipment, supervision, parts inventories and garage space.

State Testing Laboratories:

The Departments of Health, Natural Resources, Agriculture and Public Safety maintain laboratories for a variety of compliance and research applications. If consolidated, excess costs in the areas of equipment, supervision and floor space could be reduced.

Statewide Communications:

Currently a statewide communications system does not exist. A piecemeal approach to communications is undertaken by twelve departments each largely independent of the other. Rather than being a pre-planned and strategic approach for transmission of voice, mobile data, telephone and paging, it is often an after-thought that promotes minimal functionality. If culturally viewed as a common rather than a unique resource, overall effectiveness of the system could be improved while the costs associated with maintaining an aging system could be reduced.

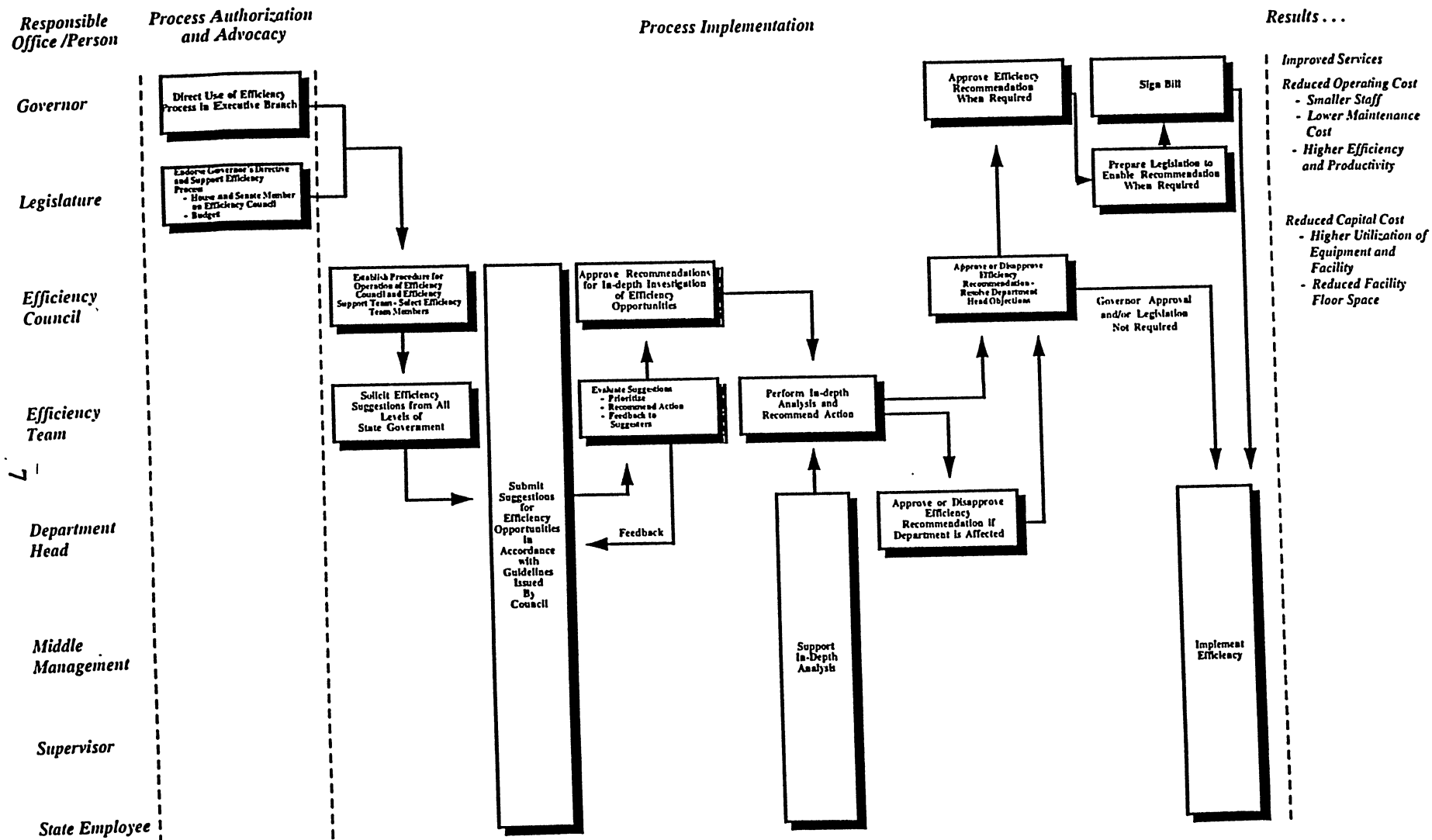
Laser Printing:

Several departments maintain their own large laser printers supporting mostly generic applications. Since these devices print only for the host department, utilization is very low. A recent study in the state of Wisconsin focused on laser print consolidation and yielded a savings of \$900,000 per year. This same approach should be pursued in Missouri.

Privatization :

As proven in Texas, Maryland, Michigan and other states, have shown that, once consolidated, many support functions could be privatized. In such a scenario, the Governor's Council on Efficient Operations would aid in developing support and performance requirements, contracting methods and cost accounting architecture.

Process Flow Chart **Governor's Council on Efficient Operations**



Flow Chart Description:

Described below is the recommended process for achieving improved efficiency in state government. The flow chart illustrates the overall flow of activity and responsibilities. Specific actions for each responsible individual and/or office in process implementation are also described.

Leadership

Governor and Legislature (see flow chart) establishes policy, authorizes and motivates the effort.

- * Their primary role is visionary and motivator.
- * They will give explicit messages concerning process:
 - What it means
 - Why we are doing it
 - How we are going to do it
 - What it will take
- * These messages must be communicated over and over through various means, such as frequent speeches, directives, departmental communiques, etc. Employees, legislators and citizens must continue to hear the messages to know it is a serious effort.
- * Use management systems to reinforce, measure and reward people's performance in ways that encourage them to attempt major change and reward attempts that fail as well as attempts that succeed.

Strong, aggressive, committed leadership will be needed to persuade the department heads running functional silos (the area or resources that are not accessible to other departments) to subordinate the interests of their functional areas to others.

The Governor's Council on Efficient Operations

Members:

A thirteen member Council should be established. The council would be made up of senior level managers who carry prestige, credibility and clout and are comfortable with change. There should be eight members from the sixteen departments and two from the legislature. All of the department members would be appointed by the Department Heads. The first year four members from the departments would be appointed for one year and four would be appointed for two years. The Speaker of the House and President Pro Tem of the Senate would appoint one staff member each, not legislators. The governor shall appoint one member of his staff and two private sector individuals. The council would elect a leader who would break deadlocks as

necessary. Should the Council deem it necessary, they may rely upon the Legislature for expertise and guidance.

Responsibilities:

- * Provides direction and is responsible for implementation for the proposed changes.
- * Assemble the process team (see flow chart and following page for description) and do whatever is required to enable this team to perform.
- * Work to gain the cooperation of managers whose functional groups are involved in the process.
- * Motivate, inspire and advise the team.
- * Act as the team's critic, spokesperson, monitor and liaison.
- * Interface with agencies and elected officials to promote the change initiative, allowing the team to focus on the implementation of activities.
- * Monitor and report on the performance achieved from the efficiency performed.

Reporting:

The council should issue a quarterly report to the Governor, Speaker of the House, President Pro Tem of the Senate, and all department heads. The report should contain a status of activities and identify barriers inhibiting progress. The status of activities shall include but not be limited to the following: the number of efficiency issues approved and implemented; the associated savings; and the number of efficiency opportunities under study and evaluation.

Process Team

Membership:

- * The process team consists of five to ten full-time people. Members are selected by the Council who solicit recommendations from the agencies (a five to ten member full time team is consistent with the size of such teams displayed by other states). This is the appropriate number for exploring the numerous opportunities that exist for efficiency improvement in Missouri state government. For example, the state of Michigan found 200 such opportunities.
- * Team members should be selected from state employees and also from the private sector to provide a broad-based perspective.
- * The duration of assignments should be at the discretion of the Council.

Responsibilities:

- * The team is responsible for implementation. These are the people who must produce the ideas and plans and help turn them into reality.
- * Encourage all state employees and the Legislature to identify efficiency opportunities and create awareness.
- * Identify and evaluate all opportunities and prioritize them. State employees who are affected should be involved in the evaluation through focus groups and other communication strategies approved by the Council.
- * Perform detailed data gathering and evaluation on highest priorities.
- * Prepare recommendations for efficiency of function/services. The recommendation should include estimated cost savings and implementation procedures.
- * Submit recommendations to agency heads for their review and commentary, then submit the proposal to the Council for approval/disapproval.
- * Assist in the implementation of approved recommendations.
- * Reward employees through intrinsic rewards. Recommend monetary rewards in accordance with state employee suggestion system.
- * Measure the benefits of recommendations implemented and report to the Governor's Council on Efficient Operations.

Operations:

- * A peer performance rating is performed on all members of the team. The results are submitted to the council who in turn makes performance recommendations to the responsible administrative organization.
- * Team members select a team captain who serves as team facilitator, establishing an agenda for team meetings and mediates conflicts.
- * Employees with special and technical knowledge should be available to the team as well as outside specialists.
- * The team should work together in the same physical location and will require appropriate office space and supplies.

Department Head

Members:

The Department Directors

Responsibilities:

- * Support Governor's Council on Efficient Operations directly.
- * Provide support within the department for the Governor's Council on Efficient Operations and team activities.

- * Primary emphasis is for intra-departmental efficiency efforts; however, if efficiency is inter-departmental it is the department director's option whether or not to use this process.
- * Identify efficiency opportunities for the consolidation team.
- * Evaluate efficiency opportunities.
- * Review and approve the Governor's Council on Efficient Operations' recommendations. If a department head disagrees, the reason for his position must be explained in a letter to the council.
- * Expedite implementation of the efficiency recommendation.

Middle Management

Members:

Division Directors

Responsibilities:

- * Identify efficiency opportunities for the consolidation team.
- * Evaluate efficiency opportunities.
- * Implement the Efficiency Council's recommendation.
- * Support the team's work

Supervisor

Responsibilities:

- * Identify opportunities for the team.
- * Evaluate opportunities.
- * Implement the Efficiency Council recommendation.
- * Support the team's work

State Employee

Responsibilities:

- * Identify opportunities for the consolidation team.
- * Evaluate opportunities.
- * Implement the Council recommendation.
- * Support the team's work

Consolidation/Privatization Printing Recommendations

Recommendation

Consolidate departmental printing from its current decentralized, independently managed state to a centrally managed approach with responsive point of need satellite locations as necessary.

Background

Although an attempt was made to consolidate statewide printing in 1981, not all departments or commissions chose to participate. The result was a partially centralized system (Office of Administration-State Printing) that is well-equipped but under-utilized. On the other end of the spectrum are a number of department print shops that are both under-equipped and under-utilized.

Rationale

Missouri's State Printing has assembled a state of the art facility over the last thirteen years servicing all departments except those listed on the attached pages. Annually, forty-five full-time employees (FTEs) production positions generate 295 million impressions, making State Printing the most productive print environment in the State. However, to further improve productivity and lower costs, assets such as capital equipment, floor space and FTEs must produce greater output. The task force believes that the first step is to consolidate departmental volume to central management. The second step is to expand the State Printing's operation to two shifts daily (as done in 11 of the 22 states surveyed).

Shifting the use of the labor force is key to the consolidation effort in that it:

1. Allows fixed asset costs (floor space, base maintenance charges, equipment depreciation, etc.) to be amortized over greater numbers of units produced thereby lowering per unit costs.
2. Guarantees department "turnaround" targets (deadlines) are met. Logic holds that if the State Printing is currently meeting deadlines while producing 295 million annual impressions on one shift, a second shift should allow capacity of double that amount. The consolidation recommendation encompasses only 97 million annual impressions so that departments (users) should rest assured that speed of delivery should be maintained or improved.
3. Allows departmental users access to a higher grade of print technology. Because

the State Printing's mission is printing, appropriations are made with printing technology upgrades in mind. While other State departments maintain print functions, the printing operation is generally not part of those departments' core mission or charter. Therefore, printing and its funding often occupy a lower priority when appropriations are allocated. This creates an environment of older technology and stretched resources not generally experienced by State Printing.

Implementation

The preferred method of implementation would be for the Executive Branch to adopt and pursue a policy of print consolidation. Unfortunately, the Missouri State Government Reorganization Act of 1974 allows for "departments, divisions, agencies, boards, commissions, units or programs" with a Type II or III transfer classification to make their own decisions regarding "substantive matters and policies".

This act does allow for Type II and III policy exemption to be changed by "later acts" so that a broader and more consistent implementation strategy for this and other consolidation opportunities would likely start with the statutory change in the Reorganization Act. This approach is more fully described in the first recommendation that defines a process by which such change can be promoted.

In the meantime, implementation would start with an aggressive communication strategy to broadcast the findings of this report. The communications package would include the compiled data on costs and benefits of the proposed consolidation. Communications should flow from the Governor's Office and clearly the state benefits and benefactors. Each department's savings and service delivery improvements should be publicly communicated on a regular basis.

Potential Savings

Full data collection methods, proposed equipment, labor configurations and comprehensive cost comparisons are attached (Appendix C). Based on this research, anticipated savings are to be viewed in two broad categories defined as:

1) direct savings and 2) related savings.

These lower price points are made possible by: 1) a larger volume pool created by consolidation of print and 2) the impact of this new volume pool on the cost of fixed assets as explained in the "Rationale" section of this document (page 12).

Print Consolidation Savings

Category #1 - Direct Savings

These are savings which are experienced directly by the seven departments (listed on page 14) as a result of consolidation of print services:

<u>Department/Division</u>	<u>Expected Annual Savings</u>
Conservation	\$ 79,069
State Highway Patrol	96,395
Employment Security	323,272
Highway & Transportation	238,972
Social Services	23,510
National Guard	128,376
Elementary & Secondary Education	<u>55,919</u>
TOTAL DIRECT SAVINGS	\$ 945,513

Category #2 - Related Savings

Savings experienced by departments that have formerly consolidated print services:

TOTAL RELATED SAVINGS	\$ <u>167,238</u>
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TOTAL PRINT CONSOLIDATION SAVINGS	\$1,112,751
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Not included in the study or recommendations were the Missouri House, Senate and the Attorney General's Office due to limitations in time and resources. These would be likely applications of a similar consolidation model to be administered by the Governor's Efficient Operation's Council (see Process Recommendation beginning on page 1 of this task force report).

Accountable Parties

A partnership between the participating departments and the Office of Administration-State Printing will be formed. The department expectations and performance requirements must be adhered to by Office of Administration State Printing. As was implemented in a similar project in Texas, this partnership and its related contracting methods were overseen by an unbiased third party such as the Governor's Efficient Operations Council (see Process Recommendation beginning on page 1 of this task force report).

Timeline

As the suggested consolidation focuses on better utilization of existing facilities, the timetable should be no more than six to nine months. During the transition period, a staged conversion is suggested to allow the State Printing to adjust incrementally to new volume demands.

Other Strategies

To ensure the success of the print consolidation project, other changes are recommended within the Office of Administration:

1. Review Potential for Privatization:

The Texas model displayed that, once consolidated, aggressive private sector bidding is possible. Although Texas retained printing as an internal function, the bidding process forced accurate assessment of costs and responsiveness. This assessment uncovered additional cost saving opportunities that would otherwise have gone unnoticed.

It is recommended that State Printing pursue a model (perhaps with the help of the Governor's Council described in the Process Recommendation beginning on page 1 of this task force report) to routinely consider private sector options for the delivery of total printing services to state government.

2. Financial and Budget Methods:

State Printing currently submits annual budget estimates in three areas: 1) Expense and Equipment; 2) Store's Purchases; and 3) Personal Services. If any of these three budgets are exceeded, no funds are made available, nor can funds be transferred from one fund to another. This is in direct contradiction to State Printing's charter which is to respond to market opportunities when they appear.

A more responsive approach to this problem is used in Kansas in which an annual appropriation is made for all line items combined. As the year progresses, the State Printing can make strategic decisions to move funds based on market opportunities or technology changes.

Therefore, the task force recommends that the State Printing be allowed to use an existing funding mechanism called P.S.D. (Program Specific Distribution). A Program Specific Distribution is a type of fund that allows movement between allocation for line items (Personal Services, Expense and Equipment, etc.). This

approach provides the desired flexibility while still maintaining the control of an ongoing audit. It is recommended that this approach be used as a permanent tool instead of the current "emergency funding" treatment which is often cumbersome and inflexible and frequently results in the development of a critical funding shortage.

Consolidation/Privatization Warehouse Recommendations

Recommendation

Consolidate selected agency warehouse/storage areas located in Jefferson City into a single warehouse facility operated by the Missouri Correctional Enterprises.

Background

This Task Force conducted a twenty-three agency survey (Appendix D). The findings indicated that fifteen agencies currently operate one or more independent warehouse/storage areas in Jefferson City. These facilities total a combined area of 412,955 square feet (165,161 square feet are leased and 247,794 square feet are in State owned facilities). Ninety-six (96) full-time employees are used to perform warehouse operations. These independent warehouses result in the duplication of equipment, stored material, supervision and administration.

Rationale

An efficient, well designed central warehouse in Jefferson City would reduce the current annual cost of floor space and maintenance. Many of these storage areas currently occupy expensive building space that could be more cost effectively used for office space. Future projects such as consolidating the purchase of widely used commodities, such as office supplies, would increase the availability of such floor space. The operating costs of a central warehouse would be minimized through the use of low cost inmate labor and a proper building design that limits utility and maintenance costs. Additional, benefits include a more efficient use of warehouse equipment and personnel, as well as, a reduction in administrative costs by decreasing the number of supervisory FTEs.

During the 1994 Legislative Session, House Bill 1023, Section 195 endorsed this idea by authorizing Missouri Correctional Enterprises to construct and operate a central warehouse in Jefferson City. The proposed size was 200,000 square feet at a cost of \$6,000,000. The task force is recommending that the implementation of this project will be the responsibility of Missouri Correctional Enterprises (MCE) which should have sole administrative authority over this facility.

It is also recommended that implementation would include a partnership atmosphere between MCE and user departments supported by an aggressive communications

package that will publicize the findings of this report. The communications package would include the compiled data on costs and benefits of the proposed consolidation.

It is further recommended that MCE use data collected and verified by the task force when constructing pricing models and savings projections.

According to this data (see Appendix E), the potential cost savings of the project is \$1,132,158. This figure was calculated by using only twenty-four of the current thirty-three independent warehouse sites: 270,431 square feet of the available 412,955 square feet.

The major elements these savings are:

Annual floor space savings, leased facilities:	\$ 71,970
Annual floor space savings, owned facilities:	\$ 240,914
Annual labor savings:	\$ 723,274
Annual supervisory savings:	<u>\$ 96,000</u>

Total savings:	\$1,132,158
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Because MCE has not yet determined its future charges for warehouse services, assumptions were based on existing warehouse costs and are listed below:

<u>Cost Element</u>	<u>Assumed Cost</u>	<u>Rationale</u>
Floor space cost, (annual)	\$2.00/sq. ft.	Current leased warehouses range from \$1.33 to \$3.50 per square foot, averaging \$2.60 per square foot.
Operating Cost less labor, (annual)	\$0.30/sq. ft.	Missouri Department of Conservation was used as benchmark. MDC 's cost of \$0.10 per sq. ft. was multiplied by a factor of 3x.
Labor cost, excluding management	20 % of current state employee's payroll and benefit costs.	80 % of warehouse labor will be inmate labor (per MCE).
Supervisory cost	60 % of current cost	As explained in Rationale section on page 16.

Thirty-five percent of the current floor space (144,534 sq. ft.) was judged unsuitable for consolidation due to various factors (Appendix F). The current low cost of some facilities make them poor candidates for consolidation. For example, the Department of Conservation's Warehouse 3, built in 1985, is windowless, nonheated, noncooled and constructed for low maintenance cost. Assuming a twenty year depreciation schedule, the annual floor space cost for this warehouse is \$1.00 per square foot. This is compared with the cost of space in the numerous state office buildings, which ranges anywhere from \$12 to \$18 per square foot.

Implementation

The consolidating of storage facilities would result in a one time sale of considerable surplus equipment, such as fork lifts and hand trucks. A one time cost would be incurred for moving material to the new warehouse. Missouri Correctional Enterprises provides moving services for \$40 per hour, which includes a truck, driver and three assistants. The relocation cost charged by MCE will be largely offset by the sale of surplus departmental equipment.

MCE estimates an availability date of July 1996 for the new central warehouse. This should be more than enough time for the various departments to begin minimizing their current inventories.

Several key strategies will be important for a successful transition:

- * Missouri Correctional Enterprises must design and operate a minimum cost warehouse to maximize cost savings to the agencies.

Several current warehouses are unheated which minimizes construction costs and operating costs. If commodities need to be temperature conditioned prior to use, this can be accomplished by early delivery to a temperature controlled area.

- * Missouri Correctional Enterprises warehouse must focus on customer satisfaction, requirements and expectations.

This is due to the fact that several agencies responding to the survey expressed apprehension about this project. Comments ranged from a lack of responsiveness, higher costs and loss of control to concern about the quality of the products delivered.

- * Missouri Correctional Enterprises must maintain frequent communication with the user departments to meet their changing needs and expectations.
- * Missouri Correctional Enterprises informed the task force that a mandate exists (via Senate Bill 763) for State departments to utilize the new consolidated warehouse. Even so, department expectations and performance requirements should be aggressively supported by MCE via clearly worded contracts agreed to by both parties. Such contracting methods could be constructed by the COMAP implementation team and could draw on practices employed by similar groups in other states. One such successful benchmark would be the Council on Competitive Government in Texas.

Consolidation/Privatization Capitol Police Recommendations

Recommendation

Merge Capitol Police with Missouri Highway Patrol. Analyze potential privatization opportunities for those Capitol Police performing security functions.

Background

The Missouri Capitol Police was created in their present form in 1983 and chartered with the security and law enforcement functions within the State's Capitol complex, related buildings and parking areas. Over the years the Capitol Police have assembled a first class staff of fully certified law enforcement officers with corresponding communications (dispatch) facilities, training and supervisory staff.

Due to limited geography of coverage and the mission to oversee and protect State property, the Capitol Police resemble both a Municipal Police Force and a Security Patrol Staff.

Rationale

Study of a similar consolidation within the state of Kansas yielded several facts: law enforcement agencies share similar missions as well as similarities in areas such as training, dispatch, supervision and fleet functions.

Kansas found that by combining the police force and Highway Patrol, the rank and file at the Capitol Police often benefitted in the following ways: 1) more training resources become available; 2) more comprehensive certification was possible; and 3) some officers benefitted by an improved career path. Pay scale was not affected as the previous Capitol Police pay structure was retained for those officers still performing law enforcement duties.

If implemented in Missouri, the State would likely benefit by reductions in overlapping communications equipment (see Additional Projects listed on page #5) and reduced supervisory labor cost (training and communications functions).

According to the Kansas model, once consolidated, those officers assigned to security duty would be likely conversions to private sector security providers. The Kansas scenario currently involves twenty-three positions that have been privatized.

Based on the lowest wage paid by the Kansas Capitol Police prior to privatization and the new prevailing wage paid by the private sector supplier, an estimated \$85,000 annually is saved in Kansas. A similar savings could be expected in Missouri.

In Missouri additional savings would come via the consolidation of training and communications supervisors listed below in the Implementation section. The savings of these two positions is estimated at \$59,000 annually. Total savings of consolidation and privatization is therefore \$144,000 annually.

Although obvious savings are possible, the State should nevertheless consider the disposition of displaced Capitol Police (potentially valuable recruits for the Highway Patrol) and the certification expectations of the proposed private sector security force.

Implementation

The preferred method would be a mandate from the Director of Public Safety. As described in the Process Recommendation (beginning on page 1). However, the Reorganization Act of 1974 gives the Highway Patrol (a Type II Classification) the ability to take exception to policy and substantive matters. This may form an impediment but should not void the concept of the consolidation.

The actual mechanics of the transfer would involve the movement of the communication staff from the Capitol Police to the control of the Highway Patrol's Troop F Communications Division. This "move" would involve no physical displacement, but rather a change in supervision only. With this supervisory change, the FTEs cost currently assigned in Capitol Police could be saved. Similarly, the role of training officer would no longer be funded as this function would be accomplished with existing Highway Patrol resources.

The bulk of the Capitol Police organization would then be configured to the Highway Patrol under Troop F or the Criminal Investigation Bureau (possibly Governor's Security Division). A separate Troop designation also could be established as was the approach in Kansas.

Accountable Parties

A smooth transition will require an active partnership between the Highway Patrol Senior Staff and that of the Capitol Police. The information necessary for the conversion has already been assembled (and shared with Highway Patrol) via previous Efficient Operations Task Force surveys. Additionally, the state of Kansas can also be used as a benchmark for organizational structure, staff requirements and contracting verbiage for the private sector suppliers of security forces.

Timeline

As ample information exists, via prior Efficient Operations Task Force surveys and other states' shared practices, conversion should be smooth and take no more than one year. This would include the contracting function for the private sector security provider. Existing information from state of Kansas Department of Administration could be provided as a guide.

Consolidation/Privatization Postal Services Recommendation

Recommendation

Consolidate Jefferson City mailing/postal services for state government into a single service, utilizing more than one eight-hour shift.

Background

To determine postal procedures, expenses and perceived needs, the Efficient Operations Task Force developed and distributed a survey to the Executive Branch (Appendix G). Eleven of the thirteen departments responded to the survey. Using the data gathered from this survey, the task force developed the summary information for this final report.

At present, every department handles its own incoming and outgoing mail. AAA Mailing Service, Inc. is used as an outside vendor for savings on bulk mailings. The departments have the discretion to use the bulk mailings contract but are not required to utilize these services.

To handle present postal service needs, 86 people are utilized at a total salary (including benefits) of \$1,960,834. Additional expenses (i.e., office materials, training, telephone charges, travel) of \$518,700 were reported by the various departments. For postal handling duties, a total of 21,074 square feet are utilized in the departments at a projected cost of \$12.01 per square foot.

Consolidation would result in a total savings for the State of over \$1,340,000 and a reallocation of duties for approximately 17 full-time employees. These figures are reflected in the Summary of Potential Savings (Appendix H).

Rationale

The opportunities for savings when processing the immense volume of mail generated by the state include the following:

- * Lower postage rates are achieved through higher mail volume, state government is in

a position to take advantage of these discounts through consolidation and cooperative arrangements.

- * Savings may be achieved through a combination of presorting and bar coding mail and reorganizing address data bases to earn greater reductions in postage rates.
- * Consolidation would result in a savings of floor space which could be utilized for other purposes.
- * Relocation of excess equipment to outstate government offices would further reduce postage costs.

Other benefits would include the following:

- * Reassignment of some personnel may better utilize their skills.
- * Consolidation of postal services has the possibility of improving postal service to all departments, regardless of their size.

Implementation

Other strategies to foster successful implementation are as follows:

1. The process recommended by this task force should be utilized to review current State operations and determine the most prudent process to handle postal services and prioritize needs, including out-sourcing of this activity.
2. The implementation of bar coding and resorting for the agencies be phased in due to the complexity of this operation and mail volume.
3. Bids should be solicited from public and private entities for resorting and bar coding of outgoing mail to ascertain if additional savings can be achieved.
4. Discussions with the local postmaster must be included in the implementation plan to assure that maximum savings and efficiency are realized.

Implementation of this recommendation should immediately follow the creation of the process team recommended by this task force.

MERIT SYSTEM

EFFICIENT OPERATIONS TASK FORCE

Merit System Process Recommendation

Recommendation

Create a decentralized human resources delivery system that empowers state agencies to effectively and efficiently manage their workforce and personnel functions.

Background

In conducting this study, the Efficient Operations Task Force Merit Family Group utilized a variety of techniques and data sources to ensure comprehensiveness. Some of these techniques included: a review of the state's existing personnel system (including an examination of historical information); interviews with line managers as well as employees from various agencies (Attachment I); surveys of allocation of resources for personnel functions in all agencies; a literature search and review of research from the National Association of State Personnel Executives, National Conference of State Legislatures and National Governor's Association; a review of recent personnel system reform efforts in the states of Maryland, Iowa, Michigan, Minnesota and Florida; and interviews with the Personnel Advisory Board members; staff of the Division of Data Processing and Telecommunications; and Division of Personnel's staff and director.

The findings of this study are as follows:

- * The current system has been in place since 1945 (Attachment J). Even though there have been nine reforms enacted since then, the system needs to be revised to effectively and efficiently address the concerns of today's workforce.
- * The current system does not always have the capability to respond in a timely manner to employee/employer needs.
- * The current system relies heavily on testing at the beginning of the selection process. This often proves to be a time consuming process that does not necessarily produce the best candidates for the position. It is now recognized that certain standardized tests are subject to biases of many kinds and may not create diversity (in the workforce) or equal opportunity (for the applicants).
- * The current system has a performance evaluation that is not linked to compensation and is perceived to be ineffective in evaluating performance relative to agency and individual objectives and does not account for individual personal career development (i.e., training).
- * The current system frustrates applicants, managers, employees and personnel professionals.

The structure and process of the current human resources system reflects aspects of state government's culture that hinder its ability to change to meet the needs of citizens.

An atmosphere of frustration with the human resources process pervades all levels of state government, reinforced by the overemphasis on review and approval by the Division of Personnel. Bureaucratic systems also diffuse accountability for decisions. Employees often do not feel empowered to make decisions and take ownership of projects because of the multiple levels of approvals required.

The inertia and resistance to change often found within state government is also partially attributable to frequent turnover at top leadership levels. Some employees feel that they can ride out initiatives or changes in organizational direction until the next election. By not rewarding or encouraging innovation, the human resources system helps support "business as usual."

Citizens are growing increasingly dissatisfied with slow, impersonal government. Although some agencies are attempting to define their customers, many areas of state government have little understanding of who their customers are and what they may need. Human resources procedures reinforce this isolation, having limited connection to customer needs, customer feedback or the organizational goals.

State government's most valuable and expensive resource is its employees. The skills, motivation and productivity of its employees will largely determine the quality, efficiency and effectiveness of state services and programs. The State faces a formidable challenge to compete with other public sector and private sector agencies in the mid-west region: to attract, develop and retain a highly qualified and motivated workforce. Other public and private sector agencies are proactively pursuing initiatives to review and restructure their missions, strategic plans, management culture and practices, organizational structures, operations, use of automation and their human resources management policies and practices.

Rationale

The focus of these efforts is on delivering quality citizen (customer) focused services, improving performance and "doing more with less." Clearly the State, its managers and employees face similar challenges throughout the 1990's and beyond. According to agency directors, managers and others, Missouri's personnel system represents a major impediment to effectively and efficiently manage their agencies. State government needs to refine its methods of attracting, developing and retaining a highly qualified workforce.

The recommendations for change are intended to create an organizational culture in the human resources arena in state government centered on performance and quality of services principles that empower managers and staff to function efficiently and

effectively. The recommended structural changes and process changes are consistent with these principles and will redefine and refocus the missions of the Personnel Advisory Board, the Division of Personnel and all other state agencies.

If the State is to deliver quality services and "do more with less," it needs a new forward-looking, results oriented human resources management system.

Implementation

The implementation of change will require work and input from a wide variety of interested parties. This report is intended to be both a catalyst and a blueprint that will help initiate and shape the direction of that change. Many of the recommendations discussed in this report may require statutory changes. However, some progressive reforms can be enacted without statutory changes provided that all involved are committed to change.

The task force identified the following implementation strategies for creating an ongoing process by which to identify, select and act upon developing a state personnel system that will promote effective and efficient improvement opportunities:

1. Transform the Personnel Advisory Board into an organization that would decentralize the state personnel system to enable state agencies to meet their personnel needs more effectively while simultaneously adhering to merit principles (Appendix K).

The board supervises a highly centralized system that frequently fails to provide state agencies with the best job applicants in the most timely manner. Applicants experience frustration with the difficulties and delays in examination and classification administered by the Division of Personnel, only to repeat many of these steps, albeit in a more focused manner, when interacting with the employing state agency. State agencies cannot act quickly to fill job openings. They lack the flexibility to employ individuals they consider qualified but who are unavailable under the present system.

The board is in an advantageous position to reform the state personnel system but currently operates within a statutory framework that does not encourage decentralization. By giving the board a statutory mandate to implement a strategic plan for reforming the system to be more responsive to employers and applicants, it can use its experience and expertise to reinvent a personnel system that meets the state's changing needs.

The task force recommends that the General Assembly make revisions to Chapter 36, Revised Statutes of Missouri (RSMo), as follows:

- A. Change the name of the Personnel Advisory Board to the Board of Human Resources and the Division of Personnel to the Division of Human Resources. These changes will more accurately reflect the board's and the division's new roles under the proposed decentralized personnel system. The name change will also signal a transition to a more flexible and dynamic culture needed to facilitate systemic reform.
- B. Expand the board membership from three members to seven members: three from the private sector, two state department directors (one merit and one non-merit) and two state employees (one merit and one non-merit). Adding four members to the Board of Human Resources will give the board a broader perspective of state personnel needs. By specifying that additional members must be department directors and state employees (representing both merit and non-merit systems), the board will be in a position to respond to state employer and employee needs. Expansion will make the board more comparable with other state policy-making boards and will eliminate the possibility that a quorum of two individuals can make or enforce policy.

When disciplinary appeals occur that involves the department of an employee and/or director on the board, those persons shall not be expected to attend the hearing or vote on the issue(s). This action will help to foster objectivity and alleviate partisanship.

- C. Change board members' terms from six to four years. A shorter term for members of the Board of Human Resources will give the Governor frequent opportunities to appoint individuals from various state agencies and private concerns. This increased potential for diversity will serve to make the board more reflective of the state workforce.
- D. Direct the Board of Human Resources to inventory existing statutes and rules that are incompatible with a decentralized personnel system and to solicit broad input and review in developing rules and suggesting statutory changes needed to reform the system. Several sections in Chapter 36, RSMo, are potentially incompatible with a decentralized personnel system. Enacting a statute that directs the Board of Human Resources to examine current personnel laws and to propose necessary revision

will give the reconstituted board a clear directive to reform the system and to work with the General Assembly to implement change.

- E. Require the Board of Human Resources to submit a report to the Governor and the General Assembly no later than January 1, 1996, that comprehensively details all statutory changes needed to implement a decentralized personnel system. A statutory deadline for the Board of Human Resources' "action plan" will ensure that the reform process proceeds in a timely fashion.
- F. Increase the frequency of board meetings from the current statutory minimum of at least one every three months to once every month. This change will codify the board's current practice of meeting monthly and will ensure that the board has regular opportunities for input into the reform process. Mandatory monthly meetings will indicate to the board that its members are to be directly involved in implementing policy and should actively work with the Division of Human Resources to improve the performance system.

- 2. Provide necessary equipment, software and training to implement a comprehensive applicant and personnel data base accessible to all agencies.

The State lacks a central data base that adequately captures and tracks applicant and personnel related information. On-line access to job openings or applicant and employee information is limited or nonexistent. No central repository of data exists for measuring hiring outcomes, tracking cost, or human resource planning. Application processing and candidate evaluation is now done manually, handling upwards of 400,000 pieces of paper per year.

A statewide data base containing applicants, employee skills, job opportunities and other hiring-related information would enable the state to better plan and deploy its human resources.

The Office of Administration should:

- A. Obtain approval by the Legislature of its budget request for \$464,000 to upgrade its data processing and office automation capabilities (Attachment L). By eliminating manual redundant processing tasks, significant savings can be achieved through reduction in paperwork and fewer jobs required for a

better quality product. Similar reductions in processing in the state of Washington resulted in tens of thousands of dollars in savings (Attachment M).

- B. Implement this recommendation no later than January 1, 1996. To successfully plan and complete this improvement, it is essential that user agencies be involved in the process from the beginning.

- 3. Create a job information clearinghouse maintained by the Division of Human Resources that provides on-line access to all state agencies.

There is no central data base containing applicant related information. Many qualified job applicants are never known due to the delay in manually processing a massive amount of paper in the selection process. There is no information available upon which to base human resources planning.

Through a properly developed and maintained job clearinghouse an example of services that could be provided to the state agencies are as follows: candidate names and phone numbers; mailing labels of applicants; resumes; profiles; skill banks; recruitment announcements as requested; address labels of protected candidate pools; and consultative services. Applicants could be furnished general job information, guidance as to application process, placement in central skills banks, and immediate access to job information by phone call. Some of this information is now available on a limited basis.

The task force's recommendation is that:

- A. Division of Human Resources, with strong input by the users, should implement this recommendation. Funding would be obtained through the appropriations process. A job information clearinghouse would vastly improve hiring and planning processes.
 - B. The clearinghouse would be created within a year. Active support of this recommendation should be obtained from the administration and the state agencies.
- 4. Delegate to the agencies the appropriate authority to recruit, evaluate and hire for most positions, so that hiring may be done for specific jobs, not general job classifications.

Position vacancies are listed and exams given for job classes as a whole, whereas hiring managers and supervisors select for specific positions.

The need to select for a particular position is not best served by a process that qualifies candidates for a general class. The practicality and desirability of position-specific hiring increase for positions with specific location or extensive skill and/or experience requirements, and for those jobs with a relative small pool of potential applicants.

The implementation of this recommendation would make for more efficient recruitment, improved recruitment of qualified employees from protected classes, and increased productivity through compatibility of employees' skills and positions.

It is the recommendation of the task force that:

- A. This recommendation would be implemented with a change in policies and rules. Attachment N represents an example of the Department of Mental Health's policy changes to reform the way it performs and delivers its human resource services. The resulting increase in job productivity would be a better quality product for the customers of the agency involved.
 - B. The state agencies would implement this recommendation, with the Division of Human Resources acting as consultants for the agencies.
 - C. The process could be in place within one year.
 - D. The agencies should develop guidelines for position-specific hiring, and train the staff responsible for the hiring process.
5. Implement a classification system that organizes work within broad classifications to promote a more flexible and effective system to meet workforce needs.

The structure and processes of the current classification process, defined by administrative policies and legislation, are inconsistent and cumbersome. The classification process within the merit system is a technical activity of the human resources management field. It involves developing categories of job classes, defining job descriptions, valuing and relating jobs and classes to each other and assigning jobs to appropriate classes. The current classification process is confusing with both broad and narrow, specific and general classifications. Classification decisions are not always based on objective job analyses. The current system allows for the manipulation of classifications to promote employees. The process of "reclassification" is the means by which a

position is reevaluated based on a change in duties and responsibilities and reassigned to either a higher or lower classification. The "reclassification" phenomenon has been growing in recent years and indications are that it is becoming a surrogate for the promotion/raise process.

The broad classifications, i.e. broad-banding, fosters an extensively skilled workforce, increases management flexibility, emphasizes individual performance and minimizes the need for job evaluation and analysis in order to achieve a promotion or acquire a salary increase. It has radically fewer vertical levels and job titles and much wider salary ranges than other classification systems. It is less concerned with the level of the job in the organization and more concerned with employee's involvement in the total organization.

The advantages are that the organization would have some specialists in a few highly technical fields and more generalists who possess a breadth of skills and wider perspectives. There also would be less emphasis on the chain of command and management layer and an increased reliance upon the participative management processes and teamwork. This new concept suggests that as employees grow in their abilities, they assume tasks that provide higher value to the agency and the individual, and often times these tasks are best performed by the entry level employee.

This recommendation reflects the Efficient Operations Task Force's vision for a human resources system. This recommendation is outcome-based, customer-oriented and focused on flexibility and change.

The following steps are recommendation for implementation:

- A. Ten to twenty career bands should be created based on similarities in career progression (Attachment O). Merge the approximate 1,200 existing classifications into broader, more generic classifications.
- B. The Division of Human Resources in concert with state agencies would create and submit for approval to the Board of Human Resources classification standards for each career band on a government wide basis, including three levels that correspond to the logical career paths of entry/development, full performance and senior/expert.

- C. Allow agencies to establish finer distinctions in career bands essential to their mission. Classification standards should be developed centrally by the Division of Human Resources.
6. Develop a broad range of recruiting tools and approaches to allow more focused, faster hiring and to improve access to various candidate pools.

The current recruiting process is not effective. There is very little, if any, coordination between agencies concerning information about available positions. In many instances, the State simply announces openings and collects applications. The assessment and selection processes are complex and difficult to understand, thereby, resulting in many potential job applicants never being aware of the opportunities to enter state services.

Just as the decision to hire rests with department managers and supervisors, so should the determination of the appropriate recruiting strategies to attract candidates for specific positions. With the Board of Human Resources providing policy direction, providing assistance in developing recruiting techniques and identifying various candidate pools, the hiring agencies can better recruit for the best applicants possible.

This recommendation can be implemented without legislation or rule changing. The hiring agencies involved can work with the Board of Human Resources to develop an active and effective recruiting program. This program can be planned and activated within six months. Cooperation between the Division of Human Resources and the hiring agencies is necessary for the success of the program.

7. Delegate authority for personnel functions to the agencies while allowing the Division of Human Resources to provide continuous performance review.

In accordance with the policy direction and restructuring advocated in this report it is recommended that the authority for the proper processing of personnel actions should be formally delegated to state agencies. As a result, it is necessary to establish a performance review process within the Human Resources Division. The Division of Human Resources would be responsible to the agencies for providing consultative service (i.e., technical expertise and training) and providing performance reviews. This shifts the focus of the Division of Personnel from that of a day-to-day operational participant to a broader role as a support and management resource.

Under a revised hiring system, the Division of Human Resources would have a greater role in reviewing agencies' performance and implementation of human resources procedures. The function of the Division of Human Resources would be to analyze the agencies' performance and assess their efficiency and effectiveness as well as uncover any problems.

As one of its new functions, the Division of Human Resources would determine the documentation and data maintenance requirements. The Division of Human Resources should be responsible for maintaining system-wide data and reporting on state personnel practices. If agencies' practices are found to be inadequate, the Division of Human Resources should provide technical assistance and training. Concomitantly, through their evaluations, the Division of Human Resources would identify the best practices which should be disseminated to other state agencies for analysis and implementation.

The Division of Human Resources should produce an annual report based on its findings of the agencies' performance reviews to the Board of Human Resources and to the Governor. The Governor may advise agencies of "best practices" or address deficiencies in order to attain consistency with state personnel policy and merit principles.

The task force sought to examine the existing system in the context of its positive and negative impacts on the management of the workforce and the ability of state agencies to effectively and efficiently deliver services.

- A. Assign responsibilities to the state agencies the tasks of performing personnel functions.
- B. Develop state-wide policy-making programs, technical support (i.e. consulting) and monitoring/compliance to be performed by the Division of Human Resources.
- C. Empower agencies to assume greater responsibility for the day-to-day operations and administration of the personnel system for their agency in accordance with federal and state laws and regulations and the Division of Human Resources' personnel policies and programs.
- D. Provide technical assistance to agencies in designing standards and measures.
- E. Require periodic reviews of the classification system.

- F. Give agencies classification responsibility over all classes represented in their agency.
 - G. Implement broad-banding as a way to promote a more flexible and effective system to meet workforce needs.
8. Replace the present employee performance appraisal process with a performance management model centered on quality management, customer needs and designed to ensure the agencies' ability to fulfill their goals and objectives.

The current employee performance appraisal system is not anchored by clear goals and objectives. It is not directed toward customer needs. Frequently the performance appraisal system is simply an annual "chore" that must be accomplished. Employees frequently are unclear as to the purpose of the appraisal and do not see the appraisal system as being tailored to their particular functions. In addition, the appraisal system is not based upon quality management principles and does not facilitate continuous quality improvement for each individual.

Adopting a performance appraisal system centered on quality improvement, customer needs and organizational goals may provide employees with ways to identify their performance expectations with the mission of their agency. Providing clear expectations, which are linked to organizational goals, encourages positive performance by the employee which tends to enhance service delivery. A system with these principles encourages an organizational culture that values individual and team contributions focused on specific outcomes and objectives.

Utilizing an outcome-based, quality management approach to performance ratings should increase productivity and improve service delivery. A focus on the results (or outcomes), of meeting customer needs and agency mission as opposed to the activities therein, should provide a better product at a reduced cost. It would also encourage an ongoing culture of continuous quality improvement which benefits the recipients of state services.

The recommendation for implementation is that:

- A. Board of Human Resources should adopt a rule that creates a statewide policy on performance appraisals consistent with the principles outlined above.

- B. This recommendation would be implemented within one year of adoption.
 - C. The Division of Human Resources would be responsible for providing consultative services to all state agencies to ensure implementation.
 - D. Each state agency shall be responsible for developing a process to implement the principles of this appraisal system.
9. Develop and make available a range of assessment techniques to qualify and evaluate candidates.

Centralized testing for the most part is a process that is often maintained for reasons of tradition or fear of litigation. There is now general agreement in the human resources management field that standard tests do not have predictive validity about future job performance, and do not always produce better candidates. The federal government has moved away from testing in recent years. The maintenance of a large scale administrative infrastructure associated with testing is an expensive approach with which most users are dissatisfied.

A broader array of candidate assessment tools is necessary to support decentralized decision making in the hiring process. The most common method of assessing job candidates, multiple-choice and written tests and experience ratings, are costly to administer, and do not always identify the best candidate. Other possible assessment methods could include: skills inventories and skills banks; biographical data profile; resume reviews; job related interviews; assessment centers that employ business simulations and work related exercises; and search committees.

This recommendation would be implemented, where possible, with a change in policies and rules.

- A. The agencies should develop and obtain training in the use of an expanded range of assessment methods. The benefit of the recommendation will be to obtain better qualified candidates for a specific job.
- B. This process should be installed no later than January 1, 1996.
- C. The Division of Human Resources would be assigned the role of consultant in the new assessment process.

10. Establish a statewide Comprehensive Policy on Career Development and Training for the state workforce with emphasis on quality management, performance outcomes, meeting customer needs and accomplishing the performance objectives of the agency.

Career development and training in state service lacks clear vision, goals and objectives. Activities in this area are not consistent across state agencies. Missouri's investment in career development and training has not been a top priority and has suffered during times of fiscal constraints. Training access, commitment and availability varies significantly among the agencies. Job duties and the delivery of services prompt the need to provide staff with "retraining" to enable them to complete new functions successfully. Failure to provide clear vision, goals and objectives, as well as to identify career development and training as a priority, negatively impacts the delivery of services throughout state government. The inability to train in a comprehensive manner diminishes an agency's ability to meet the needs of the customer and to accomplish the goals and objectives of the agency. In addition, failure to maintain precedence in this area diminishes the use of the state's greatest resources, its employees.

The creation of a clear, consistent and comprehensive policy on career development and training will ensure a common purpose of meeting customer needs and accomplishing agency goals and objectives. A performance based and outcome oriented training program enables employees to take advantage of the "best practices" available in their given area to perform quality services. Career development and training based upon quality management reduces the need for continuous corrective measures and unnecessary review of the employee's work.

The primary cost benefit of this process is to increase employee productivity through expanded exposure to the "best practices" available to accomplish their tasks. Emphasis on quality management provides better services to the customer. It reduces the need to correct problems with service delivery. It takes advantage of the newest and most efficient processes to deliver services. In addition, providing quality training and open access to career development will increase the ability of the state to retain its workforce. One of the critical areas of job satisfaction for employees centers on training and career development. Retaining quality employees is a necessity considering the investment by the state in recruitment, selection and job training.

The task force recommends the following steps for implementation:

- A. The Board of Human Resources shall collaborate with the Governor and agency directors to establish a statewide Policy Statement on Career Development and Training.
- B. Each agency shall develop a comprehensive implementation plan to carry out the policy.
- C. The Division of Human Resources shall act as a consultant to agencies to establish a comprehensive career development program.
- D. This process should be able to be implemented within one year of the time the recommendation is approved.

PROCUREMENT

EFFICIENT OPERATIONS TASK FORCE

Procurement¹ Legislation Recommendation

Recommendation - Legislation

Revise and consolidate procurement statutes into a uniform code that will support an effective and efficient procurement process. Major revisions include the following: increase the "no bid" limit, increase the formal bid limit, allow for negotiations, authorize the use of sole source, use multi-year contracting and increase the use of electronic information exchange.

Background

Responses to the survey issued by this task force during the fall of 1993, included many procurement process complaints which are directly attributable to the existing procurement statutes. Comments offered by the respondents specifically addressed the need for more flexibility and timeliness in procurement methods. As a result of the survey, the task force decided to evaluate the current procurement statutes.

Many purchasing statutes were enacted over 50 years ago and do not provide for appropriate procurement techniques needed in today's business environment. This is particularly evident in the rapidly changing technology market. The statutes do not provide the flexibility needed to enact appropriate procurement procedures through regulations or rules nor to implement internal process changes that are needed to procure effectively and efficiently.

The primary statutes that govern procurement are found in Chapter 34, Revised Statutes of Missouri (RSMo). Additional references which impact the procurement process are found in various other chapters of the statutes. Some of these directly impact the provisions of Chapter 34 by adding requirements to the procurement process such as approvals by certain agencies prior to procurement. Others refer to the contracting authority of individual state agencies. While certain of these statutes clearly provide agencies other than the Office of Administration's Division of Purchasing and Materials Management (OA/DPMM) with their own procurement authority, many other statutes contain ambiguous language. This results in misunderstandings and inappropriate application of procurement authority by the using agencies.

¹ A glossary is included at the end of this report to assist with the understanding of the information presented.

Rationale

Up-to-date procurement legislation will provide a mechanism by which the State of Missouri can serve the needs of its citizens in a more effective manner. It will allow flexibility and empowerment which would result in a streamlined bid process, reduce the cost of the bid process, and allow the State of Missouri to function efficiently in today's marketplace. During the course of the COMAP project, the task force has gathered procurement legislation information from other states. Many states have adopted legislation which is patterned after the Model Procurement Code which was developed by the American Bar Association.

Implementation

Specific recommendations for legislative changes are supported by data from other states as well as information from the National Association of State Purchasing Officers (NASPO), the National Institute of Government Purchasing (NIGP), and the Council of State of Governments.

Appendix P is an initial draft of new legislation. The following is a summary of and supporting rationale for the major recommended changes to Chapter 34, RSMo,:

1. Increase the "no bid" limit to \$5,000.

The current no bid limit is set at \$1,000. Research has shown that during the period of July 1, 1992 to June 30, 1993 (FY93) 34.8 percent of the request for bids issued by the OA/DPMO were below \$5,000. This represented only one percent of the dollars spent while the cost of the procurement process represented 7.6 percent of the dollars spent. The state is investing a disproportional amount of resources to procure these low dollar supplies. A survey of state procurement organizations conducted in July 1994 by this task force indicated that 28 percent of the responding states have a no bid limit of \$5,000 or more, with the amount as high as \$30,000 in some states. The recommended \$5,000 threshold is relatively conservative.

2. Increase the formal bid limit to \$25,000.

The current formal bid limit is \$10,000. During FY93, 56.9 percent of the request for bids issued by OA/DPMO were below \$10,000. This represented only 2.4 percent of the dollars spent while the cost of the procurement process for these bids represented 5.3 percent of the dollars spent. In line with an increase in the no bid limit a corresponding increase in the formal bid limit to \$25,000 would be appropriate. Once again this type of change will allow for a concentration of resources on the large expenditures that require specialized expertise and where the economies of competition make the biggest impact. A survey of state procurement organizations conducted by this task force in July 1994 indicated that 24 percent of the responding states have a formal bid limit of \$25,000 or

more, with some states having a limit as high as \$35,000. A review of a survey conducted by NIGP in 1991 indicated that only 4 percent of the states reported a formal bid threshold of \$25,000 or more. This reveals a significant nationwide trend to higher formal bid limits.

3. Authorize the use of negotiations during the procurement process.

Of the states responding to the survey only ten (10) did not have the ability to negotiate during the procurement process. The qualitative benefits cited by the states surveyed included better technological and professional service contracts, reduction in law suits and protests and better quality products. Private industry almost universally negotiates purchases.

The language recommended for this legislative change is adapted from the Model Procurement Code and is currently utilized by many other states. The task force recommends that rules be enacted to ensure adequate controls and that negotiations be allowed in the following procurement situations: procurement of highly technical equipment and services which utilize functional rather than technical specifications, sole source procurements and procurements in which all bids are rejected after review.

4. Authority to utilize sole source procurements.

In order to comply with the states' current rules and regulations, bids must be solicited for supplies even if that item can only be acquired from one source. There are only two other states, besides Missouri, that must also follow these restrictions. This is an unnecessary and wasteful use of resources which could be directed to more productive endeavors. In the proposed legislative change, sole sourcing would also allow the state to take advantage of special discounts which are available for only a limited period of time. Current statutes allow taking advantage of such discounts for food products only. The Department of Corrections has reported savings of approximately \$710,000.00 during FY94 by utilizing special discount purchases for food items.

5. Authority to utilize multi-year contracting.

The recommended language for this statutory empowerment is adapted from the Model Procurement Code. By providing for the multi-year contracting option, the state will recognize savings particularly in those purchases which require a large initial investment by the contractor. Under the current structure, many vendors are unwilling to submit bids and make investments required to undertake a contract which may be for only one year. This limits competition and reduces the potential for cost savings. Also, those vendors that do submit bids present prices which are designed to recover all initial start-up costs during the original contract period of twelve (12) months or less.

While dollars will be saved as a result of legislative revisions, the real pay back will be measured in terms of increased efficiency and effectiveness. Legislation such as that proposed will alleviate many of the complaints voiced by state agency personnel during the survey conducted in the fall of 1993.

Procurement Automation Recommendation

Recommendation

Re-engineer the state's procurement process to fully automate the procurement function, including electronic invoicing, which could save the state a minimum of \$24 to \$26 million dollars (Appendix R). This estimate excludes significant savings of state agency dollars that are not quantified due to insufficient data of their procurement process, volumes, and activities.

Background

Procurement Activity

The State of Missouri in fiscal year 1993 purchased an estimated \$3.5 billion worth of products and services (Appendix S) from a minimum of 3,000 vendors. To date, it has been difficult to substantiate the total expenditure and the associated products and services acquired because of the inconsistency in multiple data sources and inadequate item level being either not available or improperly assigned. The Office of Administration's Division of Purchasing and Material Management's (DPMM) twenty-five (25) buyers purchased an estimated \$300 million in products and services and assisted the agencies under the delegation of authority in acquiring an additional \$500 million worth of procurements. An undetermined number of agency procurement staff members acquired, within their individual legislative authority, an estimated \$2.7 billion of additional products and services. The State used approximately 618 statewide contracts for many of their purchases (Appendix T).

The DPMM staff processed approximately 7,189 procurement related documents (Appendix U) with the majority (49%) of the documents being contract amendments. The level of procurement activity actually performed by procurement personnel in the agencies is unknown.

DPMM issued 1,523 requisitions of less than \$10,000 of estimated value which was 57% of the total requisitions with an average value of \$4,657 (Appendix V). In addition, approximately 587 procurements resulted in a single bid. The number of similar requisitions and their average value issued by the agencies is unknown.

The average Missouri DPMM procurement cycle in days is 48, 50 and 75 days for Invitation for Bids (IFBs), Request for Quotations (RFQs), and Request for Proposals (RFPs), respectively. The average time for the Missouri agencies to accomplish the same is not known at this time.

Currently the State of Missouri is not leveraging its purchasing power. The majority of the contract awards are for one year or less with the larger dollar volume contracts containing option years for renewals. While the state can clearly demonstrate that they consistently honor the contract including its option years, the end result is a long term agreement priced by vendors based on a one year contract versus better pricing that could be achieved for a multi-year agreement. In addition, less than 1% of their contract awards contain any price indexing to take advantage of changing market conditions that impact pricing.

Communications with vendors and other procurement personnel depend very heavily on written communication and manuals that are cumbersome. This form of communication in a procurement environment tends to be very inefficient and time consuming resulting in a significant expenditure for paper and postage. Facsimile is also currently used on a limited basis to communicate with vendors for pricing, contract amendments, bid status, etc. DPMM's current total spending is approximately \$64,000 annually for postage (\$56,000) and paper (\$8,000). The cost to the agencies is probably two to four times as high since they perform four times more procurement than DPMM.

Statewide vendor performance assessment data is currently not collected, tracked or analyzed by DPMM in order to improve their services. In general, commodity contract awards in Missouri are based almost exclusively on low bid. As a result, the state sometimes buys unsuitable products which ultimately end up costing more. It appears that poor product and/or vendor performance in many cases is being ignored either because the required statewide vendor performance data is not collected; not all procurement personnel understand what action to take with DPMM's support to deal with quality problems; or failure to take action against poor performing products and vendors in the past has created an environment that validates the poor performance. Failure to collect this data statewide could easily be masking severe performance shortfalls because they appear as isolated problems.

The State currently uses facsimiles on a limited basis. An Enhanced Fax Service will significantly improve the speed and efficiency of communications with other procurement personnel and the vendor population. This technology has the ability to broadcast a single message to multiple locations simultaneously with a single input of the document. Clerical time is no longer spent inputting a fax document multiple times and waiting for each document to be received before inputting the next one. The number of fax machines can be reduced by faxing documents directly to existing personal computers rather than fax machines.

Task Force Focus/Study Process

The efforts of the task force members focused on how best to improve client perception of the overall efficiency, effectiveness and customer/client focus of the procurement process. The primary source for potential areas of improvement were responses received from approximately 200 state employees responding to questionnaires. While the responses were anonymous, the respondents were not randomly selected but were chosen by the department heads to participate in the process.

Listed below are some representative comments from surveyed state employees which illustrate their perspective as both users and clients. Below are some of their concerns relative to their experiences when purchasing goods and services:

- Finding out what is on state contract is very expensive, time consuming and not always updated.
- Checks and balances are necessary but the process is cumbersome and difficult to monitor when steps in the process are unnecessary or repetitive.
- Department purchasing personnel desire more accountability and would like purchasing thresholds increased.
- The current process is too slow for acquiring technology products and services.
- Procurement awards based on the lowest bid are not always the best bid when the product or services acquired is not the best to accomplish the job because it is of poor quality or does not meet the required specification. Vendors need to be accountable and responsible for failure to perform.
- Multiple year contract awards for selected products and services could improve procurement operations by saving paper and time.
- State purchasing power leading to lower bids can be achieved by permitting increased purchasing of items from statewide contracts.
- Increased use of boilerplate language in bid documents will reduce bid turnaround time.

The majority of the project analysis work centered around procurement operations and processes of DPMM and their impact on the agencies and institutions they serve. The task force did not attempt to redesign the internal processes of agencies and institutions but did analyze their interaction with DPMM functions to achieve a greater understanding of customer procurement automation needs.

The project reviewed and analyzed re-engineering efforts underway in other states, primarily Texas and Oregon. Automation of the procurement process in these states has improved worker productivity by streamlining processes; provided easier access to information and tools required to perform procurement in an efficient manner and reduced the operating expense of procurement saving substantial dollars.

Rationale

Procurement is too important to remain a bureaucratic, paperbound, lengthy "afterthought" in government operations. Given the need for increased accountability for expenditures of taxpayer dollars and improved customer focus, effective and efficient purchasing should be seen as a major strategic business issue. The procurement process recommendations outlined in this report should be viewed both as a chance to save taxpayer dollars and an opportunity to give state workers the tools and increased authority and accountability to adequately perform their jobs.

The re-engineered solution requires a statewide commitment to support redesigns and modifications to business processes and support systems. The proposed changes will fully automate the procurement process including the requisitioning, receiving and payment processes. The new system does not require nor is it desirable to replace systems existing at many of the agencies. Agencies could continue to use their current system as long as critical purchase order, accounting and receiving procurement data is reported to a central statewide computer system on a real time basis. While the existing Missouri Automated Procurement System (MAPS) operates on a central mainframe computer, a client/server technology platform appears to be a more appropriate vehicle to support the re-engineered system. It is important to note that the states of Oregon and Kentucky have chosen the client/server approach because they have found it to be more cost effective, easier to maintain and provides greater flexibility for supporting a dynamic procurement environment where government procurement personnel and vendors need real time access to data to improve procurement of products and services within their states.

One of the more important system requirements is an integrated statewide procurement system that captures pertinent information on all agency and DPMM purchases. Proactive use of that data will improve the quality, cost effectiveness and efficiency of the process. However, such a system cannot be implemented without the cooperation of DPMM and all state agencies.

Integrated statewide procurement data should be used to structure flexible, market sensitive contracts that would allow the state to take advantage of any increase/decrease in prices while maintaining volume buying discounts. Currently, most state contracts are short term agreements with prices generally fixed for the length of the contract. Less than 1% of existing contracts awarded in 1993 and 1994 (through April) contained any indexing of pricing which would enable the state to take advantage of favorable changing market conditions. It is important that this data be used to establish favorable contract terms, length, and pricing which will ultimately reduce the frequent rebidding of low dollar purchases. This kind of activity exhausts resources that could be better utilized developing new contracts or strengthening the performance of existing contracts.

The State of Missouri is not maximizing its volume purchasing power. The state's ability

to accomplish this is hindered because MAPS is viewed as difficult to use and it does not provide item level product and services detail with appropriate clarity to identify what was purchased within a broad category of products and services (i.e. office supplies, other items). The agencies and DPMM must plan and execute their purchases on a coordinated scheduled basis in order to successfully leverage its total purchases. However, maximum leverage occurs by creating and fostering a more competitive environment among all vendors. This can best be achieved by providing vendor access to the procurement system so that they can access and review all vendor's bid prices, terms and conditions for all past and current awards.

The State of Oregon has implemented a client/server procurement system, at an estimated cost of \$478,000 (Appendix W), which provides vendor access and creates the kind of competitive climate between vendors that has saved Oregon approximately \$21.5 million (9% reduction in product/service cost) in its first two years. Achieving this kind of savings in the State of Missouri would be difficult because the current state procurement system, would require substantial system development cost for hardware and software which may exceed the total cost of the Oregon system. In addition, the cost of providing vendor access and ongoing mainframe maintenance on MAPS will be significant and the system will still not provide the flexibility inherent in a client/server system.

The quality of vendor performance for product and service delivery should be analyzed using integrated statewide procurement data. Failure to monitor delays in delivery and the quality of the products/services leads to excessive inventory cost because supplies are over-ordered to ensure their availability.

Electronic processing of invoices (receiving and paying invoices via secured electronic methods) provides a tremendous potential opportunity for the state to achieve significant cost savings and improve their cash flow on state revenues. For those vendors who can either not afford the cost of acquiring the necessary Electronic Data Interchange (EDI) hardware and software or choose not to participate in full EDI implementation should be required to accept some other state recommended option of electronic invoice processing. Other options available for vendors choosing not to participate in full EDI implementation are to accept an electronic invoice to facsimile or electronic mailbox delivery of the invoice. During the award evaluation process, the level of electronic invoice processing supported by the vendor would result in additional contract award evaluation points being assigned.

Industry studies estimate that the cost to process invoice information (including labor and postage) exceeds \$10 per invoice. EDI can lower this cost to between \$2-4 per invoice and reduce time delays associated with data entry. Furthermore, timely receipt and dissemination of information may decrease stock outages and the need to carry and warehouse large inventories of products. EDI can also be used to quickly keep price listings updated with frequent vendor price changes.

Implementation

The following implementation time line is recommended. All dates identified are calendar year.

4th Qtr 1994	Determine new system requirements and complete cost analysis versus implementation on MAPS.
4th Qtr 1994	Implement Enhanced Fax.
3rd Qtr 1995	Funding approved for client/server system.
3rd Qtr 1995	Negotiate purchase of software and implementation support from State of Oregon.
3rd Qtr 1995	Contract with State of Oregon for implementation and training support.
3rd Qtr 1995	Implement Electronic Bulletin Board and Electronic Catalog.
4th Qtr 1995	Implement Electronic Invoice Processing.

The cost analysis of MAPS versus a client/server solution will require funding for a study. However, another alternative may be to solicit support from Management of Information Systems (MIS) personnel in the private sector to complete the study at no charge to the state.

A successful implementation will require the involvement of accounting, agency, and DPMM personnel. This plan should be shared with accounting immediately so the impact can be incorporated into the current Division of Accounting plans associated with potential modifications to the SAM system.

Client/Server Implementation

The state should implement a client/server system (Appendix X) similar to the Oregon system but enhanced to incorporate additional procurement automation functions (i.e. EDI) that are not currently part of the Oregon system. It is estimated that the new system for Missouri would cost \$400,000. Assuming that Missouri procurement savings would equal the overall savings Oregon has experienced (\$21.5 million), the payback of the expenditure could be as little as 5-6 months. The cost of Oregon personnel to support implementing the system, including an initial level of training support and system software has been included in the above estimated cost. The system will provide direct system access for vendors either from their corporations or from public libraries, motor vehicle license locations or other state office locations. Currently proposed and/or approved funding for motor voter and automatic library access programs would provide most of the equipment for small vendors to access the system provided they have access to a personal computer. The personal computer software to access the system would be furnished free of charge by the state on diskettes similar to the Oregon implementation.

Electronic Catalog

An electronic state contracts catalog will be an integral part of the new system. The catalog will be accessed electronically by all state procurement personnel enabling them to ascertain whether or not specific goods and services are available on state contracts. The system will include information on vendors, price levels, contract terms and other associated procurement data. The catalog will provide key word search capability and menu listings of products and services to make the system easy to use. The electronic nature of the catalog will make updating it easy and the content more accurate and timely. Providing this capability will help to alleviate the agencies' concerns that specific products and services on state contracts are not easy to locate and often the associated information is outdated. The associated expense and savings are the same as mentioned above under client/server implementation.

Electronic Bulletin Board

An electronic bulletin board should be implemented to improve communications between the vendors and state procurement personnel. This form of communications will be very similar to the one implemented in the State of Oregon. The bulletin board will be universally available to state procurement personnel and the vendor population. Vendors will be able to use a Personal Computer (PC) and a modem to access the system and acquire all procurement related data on all bids. By publishing IFBs electronically, Oregon has been able to eliminate bid lists, decrease unresponsive bids, improve historically underutilized business participation and save approximately \$150,000 in reduced paper and postage expense. Missouri can achieve and exceed similar savings levels with this approach. DPMM is currently spending an average of \$56,000 annually on postage only. The total expenditure statewide for postage and paper used in support of the procurement functions both in the agencies and DPMM is unknown. The additional cost of implementing this solution is mail box charges of \$3 per month, \$500-\$2,000 one time access charge for software; and usage charges of either \$.30-\$.50 per page (sender pays) or \$.50 per minute (sender or receiver pays).

Electronic Invoice Processing

EDI should be implemented using both host based and value added network (VAN) technology. This approach will allow vendor choice in how they choose to support EDI. Not only has the VAN proven to be a cost effective transmission method but it eliminates the need for all vendor, procurement and accounting personnel to use the same transmission software and protocols. VANs will also allow for greater efficiency because senders can transmit data to multiple receivers during a single transmission session.

Full EDI implementation eliminates all paper and expedites timely delivery of merchandise. It has proven less expensive overall than mail, fax or paper processing. A major cost of

implementation is a translator (software) which can range in cost from \$1,000 (PC based) to \$50,000 (mainframe based). It also typically costs about \$.27 per 1,000 characters to send or receive an EDI document. EDI to fax conversion cost for vendors choosing not to implement full EDI is estimated at \$1.00-\$1.20 per document. Based on an estimated range of 317,000 to 634,000 warrants processed annually by the State of Missouri, the overall savings associated with EDI implementation could range from \$1.9-\$3.8 million excluding procurement resources that would no longer be required to participate in manual processing of invoices.

Quality Improvement Through Automation

Automation must be used in a proactive manner to improve knowledge and easy access to procurement data including agency activity.

The new system must track both the quality of vendor product/services and the delivery. Those vendors who consistently fail to meet state established standards should be removed from the bid list for a specified period of time. The current ten (10) day delivery interval for volume commodity purchases in the State of Mississippi should become the standard for Missouri.

Automation will decrease the procurement cycle time. It is recommended that the state establish an objective to reduce current Missouri procurement cycle time for RFPs (75 days), RFQs (50 days), and IFBs (48 days) by 35% within six months of installation on the new system.

Encourage all state procurement buyers to use the enhanced fax to personal computer. This service will be used for inbound and outbound fax service delivery to vendors and other state employees. The cost for this service is \$210 per personal computer for software and \$13 per month for a mailbox. The cost of a fax page will average about \$.45 to send and \$.54 to receive. The reduced cost of paper, the increased efficient use of clerical time and the reduction in the need for facsimile machines will more than pay for implementing this service.

Procurement Partnership Recommendation

Recommendation

Develop a strong partnership between the Office of Administration's Division of Purchasing and Materials Management (OA/DPMM) and the departmental procurement functions so that periodic reviews of the procurement processes will be performed with the goal of eliminating inefficiencies, improving communications and improving procurement effectiveness.

Background

The fall 1993 survey of State of Missouri managers conducted by this task force found substantial dissatisfaction with procurement procedures, working relationships, and operations. Concerns centered around a lack of responsiveness, insufficient training, unavailability of information and unnecessary delays in processing. The unwieldy Missouri Automated Procurement System (MAPS) was generally criticized. Many of the concerns identified by the survey are addressed in the recommendations related to legislation and automation. The task force believes that while legislation and automation will provide a strong foundation, additional procedural changes will also be necessary.

The task force has identified a list of process changes which will eliminate duplication of effort, unnecessary paperwork and inconsistencies in application of internal policy and procedures of the Office of Administration's Division of Purchasing and Materials Management (OA/DPMM). The OA/DPMM has already begun implementation and review of many of these internal process revisions.

The most critical problem remains that of improving communication between the using agencies and OA/DPMM. Due to the current level of decentralization, there are multiple and often duplicate procedures and systems in place that provide no added value in terms of efficient and cost effective procurement.

As part of the COMAP process, the task force held focus group meetings with division directors and procurement officers from each department. The meetings achieved the goal of establishing the basis of communication for a procurement partnership. As anticipated, the department personnel shared various ideas related to improving the procurement process and developing enhanced interdepartmental communication. A summary of the ideas presented at these meetings is included in Appendix Y.

Rationale

The focus group meetings which were held under the auspices of the COMAP project proved valuable in establishing a new level of communication between the using agencies and OA/DPMM. It became evident that open and frequent communication would be beneficial to both OA/DPMM and the using agencies. As a result of the meetings several opportunities for better coordination have been identified and several are already being practiced.

Implementation

The responsibility for the implementation of a Procurement Partnership Program will rest with OA/DPMM in the role of leader and facilitator. The program will require the cooperation and ongoing involvement of all departments. An endorsement from COMAP will aid in lending validity to the program.

Implementation of the program should not require additional personnel. The passage of legislation recommended elsewhere in this report will allow existing personnel to redirect their time to accomplish the objectives of the program. Time now spent on routine, low dollar procurement procedures can be utilized to establish, manage and ensure the ongoing success of a partnership program.

Some of the specific recommendations offered by the focus groups (Appendix Y) can be implemented immediately. These would include an updated list of buyer assignments, an updated PD71, an order/vendor report card and assignment of a buyer liaison. Implementation and ongoing operation of these recommendations can be accomplished by existing OA/DPMM personnel.

Other recommendations such as training classes and manuals would require more time and resources that will not be available until after the implementation of the recommended legislative changes. At that time, volunteers will be solicited from the personnel currently serving on the existing Purchasing Committee and the Financial Management Advisory Council in addition to OA/DPMM personnel. These personnel will initially meet on a monthly basis to identify projects and to set priorities. After the recommended programs are implemented, the committee would meet less often or on a project specific basis. Partnership programs will need to be periodically reviewed and additional projects suggested by the Purchasing Committee and Financial Management Advisory Council.

While potential savings in terms of dollars cannot be predicted there is a strong expectation that implementation of Partnership Programs will result in the provision of better service to the using agencies by eliminating conflict, duplication, and inconsistency. Implementation of this recommendation will also result in better coordination of resources, thus increasing the efficiency and effectiveness of the procurement process.

APPENDICES

EFFICIENT OPERATIONS TASK FORCE

Appendix A

State of Missouri Program Cost Analysis

Introductory Information

Department:

Division/Program/Section/ Unit:

Program (if more than one, list all):

Name and Title of Contact Person:

Telephone and Fax number of Contact Person:

Part I

Please respond in the spaces provided below. If additional room is needed, attach as many pages as are necessary.

- A. In what year did the State initiate this program? Identify the specific problems that are addressed and explain why state government was chosen to address the problem. Identify and cite all enabling legislation or authorization.
- B. Is the current program addressing the same problem identified at program inception? If a different rationale exists, identify it and the circumstances which caused this change. Identify and cite applicable legislation.
- C. Explain and quantify the current program objective(s) and the results to be achieved. Include a discussion of any significant programmatic changes that have occurred since program inception. This would include both changes in resource level (financial\personnel) and program objectives.
- D. Identify and quantify the clientele of this program and the benefits which accrue to the clientele as a result of this activity. "Clientele" refers to the entity or people who are the beneficiaries of this activity. In some cases, the "clientele" will be the state (e.g., audits to assure that overpayment are not being made to payees); in other cases it will be individuals or entities (Women, Infant & Children program recipients or

those seeking permits).

- E. List and describe the major tasks of this program and include the following for each:
1. the primary objective(s) the task meets.
 2. quantitative measures of the task output or result.
 3. the Full-time equivalent position (FTE) resources used to achieve that output.
- F. Identify the programs in other departments or agencies which are programmatically related to the program(s) you are analyzing. Discuss the results of your contact with those responsible for other programs and the recommended resolution. Identify the person with whom you had contact.
- G. Attach an organizational chart for this program which shows its relationship to other programs within the Division\Program\Section and the entire department. This chart should identify each FTE and classification level within each of the primary organizational units affected by this analysis.

PART II

- H. **Recommended Option**
1. Describe, in detail, your recommended option to privatize, eliminate, retain, consolidate, or modify the program and explain the rationale for this recommendation. This discussion should include any quantitative measures that support the recommended option. This option should also be substantiated by the information supplied in Part I.
 2. If the option is anything but eliminate, explain and justify why the program should continue to be a state responsibility.
 3. **If the decision is to retain the program in its present form go to Part III and provide the cost information.**
- I. **Potential Challenges**

1. Discuss in detail all of the following actual or potential challenges to implementation and how you propose to resolve each:
 - a. legal constraints to implementation;
 - b. liability issues;
 - c. confidentiality issues;
 - d. employee or labor organization issues;
 - e. any other opposition or challenges to the implementation of the recommended option not already discussed.
2. Identify and discuss similar actions taken by other entities (private, local, state, federal) and how you will avoid any problems/failures they experienced.
3. Do you know of any major changes which will occur in this program in the next three fiscal years? If so, describe how your recommended option will deal with these changes.

J. ***Implementation***

1. Discuss your implementation plan:
 - a. specify each step necessary for a successful transition to the new structure;
 - b. specify a time-table for each step;
 - c. identify all who need to be involved in each step (include the legislature, as appropriate);
 - d. include the number of positions which remain (including, for each position, its title and level and a description of the work to be done);
 - e. explain why each proposed remaining position is not being recommended for elimination; and
 - f. provide the number of positions which would be eliminated (including, for each position, its title and level and a description of the work that was done by that position).

2. *If implementation includes contracting:*
 - a. discuss the availability of vendors\purchasers;
 - b. discuss the ability to easily switch from one provider to another;
 - c. identify the criteria for the selection of a contractor;
 - d. if not previously identified, precisely identify each task to be performed, and the deliverables/outcomes and the time frames for delivery;
 - e. if not previously identified, define the required quality of the product/service to be provided by the contractor;
 - f. if not previously identified, discuss whether the contractor may change the level or type of product/service or the delivery of the product/service;
 - g. describe proposed re-award procedures and the performance post-audit procedure or evaluation to be implemented. Include as part of this discussion the time frame PRIOR to the expiration date of the contract by which an audit/evaluation must be completed to determine whether the contract should be continued or renewed. If no audit procedure or evaluation is needed, explain why it is not needed;
 - h. discuss/describe any unique contractual provision needed to implement the recommended option.
3. Describe the actions you will take to facilitate participation by current employees and labor organizations (including first right of refusal provisions) and to seek out women/minority/handicapped businesses in the contracting process.
4. If the sale or lease of State-owned real property is under consideration, answer the following questions:
 - a. describe the property being proposed for sale or lease (including the legal description and a map showing the location and size of the parcel);
 - b. if a building is to be sold or leased, describe the building, including the purposes for which it was built and subsequent uses);
 - c. identify any environmental problems/issues and discuss how they will be resolved;

- d. describe how you determined the State's future foreseeable need for this property (5-10 years in the future) as part of a decision to sell/lease this property;
 - e. describe how you determined the State's future foreseeable need for this property (1-5 years in the future) as part of a decision to sell/lease this property;
 - f. describe foreseeable problems with the sale/lease of this property and describe how you proposed to resolve them.
5. If the sale or lease of intellectual property is under consideration, answer the following questions:
- a. discuss the relevant issues (copyright/patent/trademark, etc.);
 - b. describe how you determined the State's future foreseeable need for this property (5-10 years in the future) as part of a decision to sell/lease this property;
 - c. describe how you determined the State's future foreseeable need for this property (1-5 years in the future) as part of a decision to sell/lease this property;
 - d. describe foreseeable problems with the sale/lease of this property and describe how you proposed to resolve them.

K. Monitoring

Discuss in detail how you will monitor the program as it would exist after the implementation of the recommended option. Include in this discussion the number of positions which will be used for monitoring (including, for each position, its title and level).

L. Risk Factors

Discuss potential risks associated with the implementation of your recommended option not otherwise discussed in section I. Risks include, but are not limited to, the potential creation/perpetuation of a private sector monopoly and estimates of the restoration cost if the state had to reestablish the activity with state employees, or reacquire sold assets or comparable assets. These costs could include both annual and one-time start-up costs.

M. Other Analyses

Include here any other analyses or information you believe appropriate which has not been addressed in your responses thus far, other than the financial and cost information which is to be provided in Part III.

PART III: ACTIVITY COST REPORT

For the recommended option, complete one set of the cost analysis' schedules (Schedule #1-Section #4) for each program being analyzed. **Please provide, as appropriate, explanations and/or back up detail regarding the cost or revenue data included on each schedule. Attach additional sheets as necessary.**

COST ANALYSIS INSTRUCTIONS

The cost analysis section requires the completion of the following schedules:

Schedule #1 Summary/Contract Cost.

Schedule #2 Annual Direct & Indirect Cost.

Schedule #3 Conversion Cost/Revenue.

Schedule #4 Equipment/Asset Data.

In addition to the cost information included on each schedule, include the program funding sources by the following general categories:

General Revenue
Federal Funds
Restricted Funds
Local/Private Funds

Schedule #1 - SUMMARY/CONTRACT COST

Provides a summary of costs and revenues presented on Schedules #2 & #3.

This schedule includes specific sections for the recommended program option; privatization, elimination, consolidation, modification or retention. Complete the appropriate section.

Please attach the necessary documentation to explain any unique situations.

Schedule #2 - ANNUAL DIRECT & INDIRECT COST

Provide the annual direct and indirect cost of the program under study.

Please attach, if necessary, any explanation of any unique circumstances in determining the costs.

The current annual direct and indirect cost for the program under study are to be separated into unavoidable and avoidable. These costs are defined as follows:

Annual Direct State Cost: Annual expenditures for a program. Including all funded positions, whether filled or unfilled.

Unavoidable Cost: Annual expenditures for an activity that will continue regardless of privatization, elimination, consolidation, and modification. Including all funded positions, whether filled or unfilled.

Avoidable Cost: Anticipated fiscal year expenditures for an activity that will be shifted to the private sector.

Direct Costs: Those costs that can be identified specifically with one segment of the studied activity (a product, a service, a program, a cost center or an operating unit) and which are incurred for the sole benefit of that segment.

FTE: Full-time equivalent position.

Salaries: All compensation paid to employees.

Fringes: Includes the state's expenditures for all insurance, retirement, and FICA.

Travel: Includes expenditures for employee travel cost.

Expenses: Expenditures for contractual services, and ongoing staff expenses (not included in travel above).

Equipment:

Purchase Includes expenditures for equipment purchases.

Lease Includes expenditures for equipment leases.

Space Rent:

State	Includes expenditures for renting state owned facilities.
Private	Includes expenditures for renting privately owned facilities.

Other Direct:

Depreciation	Annual depreciation of a fixed asset directly related to the studied activity.
Contingent	Items which may become liabilities as a result of conditions undetermined
Liabilities	at a given date such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and completed contracts.
Other	Any other expenditure that is directly attributable to providing the studies activity and not included in the previous categories.

Indirect Cost:

Those costs that are: (a) incurred for a common or joint purpose benefitting more than one segment, and (b) not readily assignable to the cost objectives specifically benefitted.

The term "indirect cost" as used herein, applies to costs originating in the department producing the product or providing the service, as well as those incurred by other departments in supplying goods, services and facilities to the product or service producing department.

Indirect cost should be distributed to benefitting cost objectives (products, services or programs) on bases which will produce an equitable result in consideration of relative benefit derived.

Using this definition, complete Schedule #2 for current, unavoidable and avoidable cost for each cost category (e.g., FTE's, square footage occupied, etc.).

In the department overhead category, the operation's indirect cost incurred in support of the studied activity by the supervisory workforce one level above the studied activity (e.g., if the area being studied is a division, the supervisory workforce one level above is the office or bureau).

Schedule #3 - CONVERSION COST/REVENUE

Provide an estimate of any possible conversion cost and/or conversion revenue. The costs and revenues to be included in this section are those considered to be one-time costs or revenues, costs that will continue as a result of privatization or items that are short term in nature, such as unemployment compensation paid to any laid off employees, the payoff of accumulated annual leave and the sale of any state assets.

Please attach the necessary documentation to explain any unique situations.

In the one-time conversion cost portion of the schedule provide the following:

- Annual Leave:** An estimate of the one-time cost associated with the payoff of the annual leave balance of terminated employees. The maximum number of payable hours is based on the total state service hours.
- Deferred Hours:** An estimate of the one-time cost associated with the payoff of any deferred hours accumulated as a result of the state plans.
- FICA/Retirement:** An estimate of the one-time cost for the State's share of Federal Insurance Contribution Act (FICA) and retirement payments associated with the payoff of annual and sick leave balances. Retirement is paid on annual leave balances up to a maximum of 240 hours. FICA is paid on all balances up to the federal income limits.
- Unemployment:** An estimate of the one-time cost for unemployment compensation paid laid off employees.
- Other:** Any one-time cost associated with a privatization, conversion, modification or elimination. For example, this may include fees for early termination of a rental agreement.

In the continuing conversion cost portion of the schedule provide the following:

- Monitoring:** This would be costs associated with the monitoring of the privatized or contracted program.
- Lost Revenue:** Any loss in state revenue above that which is identified as a source of financing on Schedules #2.
- Other:** Any other possible cost.

The items included in this portion of the analysis may be difficult to determine. However, these items need to be presented. Include here any revenue generated by the activity that is not directly used for program support and is deposited into the general revenue fund or any other fund. Also include an explanation of assumptions and method used to arrive at the estimates included in this portion.

The conversion revenues portion of the schedule provides for documenting the sale of any assets of the program under study. Follow the standard procedure for disposing of state assets.

If the asset is to be leased, include the expected revenue from the lease in the "other" category under conversion revenue estimate.

Schedule #4 - EQUIPMENT/ASSET DATA

Provide the data required to make the conversion revenue estimate.

Type of Asset:	Identify the asset and indicate if it is owned or leased.
Number:	Indicate how many of the type of asset are owned or leased.
Cost:	Indicate the cost of the asset(s). This is the original purchase price if the equipment is owned and expected purchase price if the equipment needs to be purchased.
Date Acquired:	If already owned or leased, indicate the date(s) acquired.
Asset Life:	Indicate the asset(s) useful life.
Appraised Value:	If already owned, indicate the appraised value.
Expected Sale Price:	If the asset is owned, indicate the expected sale price. Include this revenue on Schedule #3 under one time conversion revenue.
Other Cost:	This will include other cost associated with the disposal of assets. This could include appraisal costs or lease termination payments. Include cost on Schedule #3 under one time conversion cost.

Please attach the necessary documentation to explain any unique situations.

Appendix A

SCHEDULE 1: SUMMARY/CONTRACT COST

Department: _____	Contact Person: _____
Program/Activity: _____	Phone Number: _____
	Fax Number: _____

PRIVATIZATION:

A. ANNUAL CONTACT COST (A=Actual; E=Estimated)	
B. MONITORING COST (From Schedule 3)	
C. OTHER CONTINUING CONVERSION COST (From Schedule 3)	
D. ONE TIME CONVERSION COST (From Schedule 3)	
E. TOTAL (A+B+C+D)	
F. AVOIDABLE COST (From Schedule 2)	
G. CONVERSION REVENUE (From Schedule 3)	
H. TOTAL (F+G)	
I. TOTAL FIRST YEAR SAVINGS/COST (E-H)	

ELIMINATION:

A. ONE TIME CONVERSION COST (From Schedule 3)	
B. AVOIDABLE COST (From Schedule 2)	
C. CONVERSION REVENUE (From Schedule 3)	
D. TOTAL (B+C)	
E. TOTAL FIRST YEAR SAVINGS/COST (A-D)	

Appendix A

MODIFICATION/CONSOLIDATION:

A. MONITORING COST (From Schedule 3)	
B. OTHER CONTINUING CONVERSION COSTS (From Schedule 3)	
C. ONE TIME CONVERSION COST (From Schedule 3)	
D. TOTAL (A+B+C)	
E. AVOIDABLE COST (From Schedule 2)	
F. CONVERSION REVENUE (From Schedule 3)	
G. TOTAL (E+F)	
H. TOTAL FIRST YEAR SAVINGS/COST (D-G)	

RETENTION:

A. ANNUAL DIRECT STATE COST	
B. ANNUAL INDIRECT STATE COST	
C. TOTAL COST (A+B)	

Appendix A

SCHEDULE 2: DIRECT AND INDIRECT COST

DIRECT COST	ANNUAL DIRECT STATE COST	ANNUAL AVOIDABLE STATE COST	ANNUAL AVOIDABLE STATE COST
FTEs			
Salaries			
Fringes			
Travel			
Expenses			
Equipment Purchase			
Equipment Lease			
Private Space Rent			
State Space Rent			
Depreciation			
Contingent Liabilities			
Other (Identify)			
TOTAL DIRECT COST			
FINANCING			
General Revenue			
Federal			
Restricted Funds			
Local/Private Funds			

Appendix A

INDIRECT COST	ANNUAL INDIRECT STATE COST	ANNUAL UNAVOIDABLE STATE COST	ANNUAL AVOIDABLE STATE COST
Department Overhead			
Space Rent			
Interdepartment(Specify)			
Other (Identify)			
TOTAL INDIRECT COST			
FINANCING			
General Revenue			
Federal			
Restricted Funds			
Local/Private Funds			

EXPLANATION (use additional sheets if necessary):

Appendix A

SCHEDULE 3: CONVERSION COST/REVENUE

ONE TIME CONVERSION	CONVERSION COST	FINANCING [GF-GP, Federal (F), Restricted (R), Local/Private (LO)]
Annual Leave		
Deferred Leave		
FICA/Retirement		
Unemployment		
Other (Identify)		
TOTAL ONE TIME CONVERSION		
CONTINUING CONVERSION COST		
Monitoring		
Lost Revenue		
Other (Identify)		
TOTAL CONTINUING CONVERSION		
CONVERSION REVENUE ESTIMATE		
Buildings		
Land		
Inventory		
Personal Property (Equipment?)		
Continuing Revenue		
Other (Identify)		
TOTAL REVENUE ESTIMATE		

EXPLANATION (Use additional sheets if necessary):

Appendix A

SCHEDULE 4: EQUIPMENT/ASSET DATA

[illegible]

EXPLANATION (Use additional sheets, if necessary):

Appendix B

Department Print Shops

Volume and Labor Levels

In May of 1994, COMAP staff conducted a detailed survey of several departmental print shops. The results of that survey are attached (Appendix C) with summary information listed below.

In each case the FTE and print volume levels listed by the departments are displayed. Productivity levels per FTE are then arrived at by dividing print volume by FTE's.

Elements that impact (detract from) productivity such as binding operations, challenging print formats, etc. are assumed to be present in all print shops and are, therefore, not considered individually.

Department	Print and Bindery FTE's and Supervisors	Monthly Print Volume (Pages)	Monthly Print Volume (Pages) Per FTE
Conservation	6	1,610,000	268,333
State Highway Patrol	3	450,000	150,000
Employment Security	11	1,983,707	180,337
Highway and Transportation	13	2,555,000	196,538
Social Services	2	580,600	290,300
National Guard	3	210,000	70,000
Elementary and Secondary Education	3	700,000	233,333
Office of Administration (State Printer)	45	24,583,500	546,300

Appendix C

Contents:

- 1) Explanation of Methodology
- 2) Summaries of Print Costs (16 pages)
- 3) Litho and Quick Copy Printing Costs Footnotes
- 4) Completed Print Surveys (2 pages each):
 - Department of Conservation
 - Missouri State Highway Patrol
 - Division of Employment Security
 - Highway & Transportation Department
 - Department of Social Services
 - Missouri National Guard
 - Department of Elementary and Secondary Education
- 5) Summary of Savings

Appendix C-1

Explanation of Methodology

Data Collection Methods:

In May of 1994, COMAP staff surveyed several departmental print shops. Included in the survey were responses on print related floor space, equipment, labor, volume, supervisory staff, etc. (see Litho and Quick Copy Printing Costs attachment to this appendix). In each case, departments provided the data which was then independently verified via the State of Missouri's Official Manual for fiscal year 1993-94.

Proposed Equipment:

In the case of each department print shop, State Printer will retain those units that are uniquely suited to applications in those departments. Units that are more generic and overlap capabilities already offered by the State Printer will be liquidated via surplus stores or another method agreeable to the user department.

Specific equipment configurations are being developed by State Printer but should be reviewed and agreed to by State Printer and the COMAP implementation team.

Labor Configurations:

Current departmental print operations (departments listed on Appendix B) involve 41 FTE's. State Printer is recommending that 18 of the FTE's be retained and transferred to the State Print workforce. It is recommended that those transferring would be of the highest seniority to assure that State Printer could retain the most knowledgeable and skilled workforce available.

Those not transferred to State Print should be retrained by their departments and used to replace the estimated 8% of the state workforce who leave annually due to attrition.

Appendix C-2

State Printing Center
Annual Litho Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)	\$	84,761
Direct Labor Cost (2)		648,576
Fringe Benefit Cost (3)		204,493
Floor Space (4)		139,151
Utilities & Telephone (5)		32,999
Insurance (6)		0
Equipment Maintenance Agreements (7)		109,694

Total Fixed Costs **\$1,219,674**

Variable Costs

Overtime Labor (8)	\$	49,511
Parts repair/replacement (9)		26,006
Litho Plates		
Metal (10)		65,882
Film negatives (11)		64,737
Consumable supplies (12)		100,406
Paper (13)		See footnote

Total Variable Costs **\$306,542**

Total Costs	\$1,526,216
Total Impressions	228,106,961
Average Cost Per Impression	\$0.00669

State Printing Center
Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Leases & Depreciation (1)	\$	194,410
Direct Labor Cost (2)		201,900
Fringe Benefit Cost (3)		62,112
Floor Space Utilities & Telephone (4)(5)		40,514
Insurance (6)		0
Equipment Maintenance Agreements (7)		70,440

Total Fixed Costs	\$569,376
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Variable Costs

Overtime Labor (8)	\$	17,329
Parts repair/replacement (9)		0
Litho Plates (10)		0
Film negatives (11)		0
Consumable supplies (12)		90,696
Impression charges on maintenance contracts (13)		184,584
Paper (14)		See footnote

Total Variable Costs	\$292,609
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Total Costs	\$861,985
Total Impressions	66,895,039
Average Cost Per Impression	\$0.01289

Appendix C-2

Department Of Conservation

Annual Litho Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	5,970
Direct Labor Cost (2)	4.00 FTEs		89,864
Fringe Benefit Cost (3) @	28.00%		25,162
Floor Space (4)	\$10.00 per square foot		21,588
Utilities & Telephone (5)			0
Insurance (6)			0
Equipment Maintenance Agreements (7)			7,720

Total Fixed Costs

\$150,304

Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			1,054
Litho Plates			
Metal (10)			4,288
Film negatives (11)			2,866
Consumable supplies (12)			3,038
Paper (13)			See footnote

Total Variable Costs

\$11,246

Total Costs

\$161,550

Total Impressions

15,638,400

Average Cost Per Impression

\$0.01033

Appendix C-2

Department Of Conservation

Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	0
Direct Labor Cost (2)	2.00 FTEs		44,932
Fringe Benefit Cost (3) @	28.00%		12,581
Floor Space (4)	\$10.00 per square foot		5,082
Utilities & Telephone (5)			0
Insurance (6)			0
Equipment Maintenance Agreements (7)			4,000

Total Fixed Costs

\$66,595

Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			717
Litho Plates			
Paper (10)			2,795
Film negatives			0
Consumable supplies (12)			1,990
Paper (13)			See footnote

Total Variable Costs

\$5,502

Total Costs		\$72,097
Total Impressions		3,681,600
Average Cost Per Impression		\$0.01958

Missouri State Highway Patrol

Annual Litho Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	4,000
Direct Labor Cost (2)	2.00 FTEs		38,104
Fringe Benefit Cost (3) @	30.00%		11,431
Floor Space (4)	\$10.00 per square foot		21,436
Utilities & Telephone (5)			609
Insurance (6)			0
Equipment Maintenance Agreements (7)			7,290

Total Fixed Costs	\$82,870
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Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			479
Litho Plates			
Paper			720
Metal (10)			1,040
Film negatives (11)			1,022
Consumable supplies (12)			1,848
Paper (13)			See footnote

Total Variable Costs	\$5,109
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Total Costs	\$87,979
Total Impressions	4,200,000
Average Cost Per Impression	\$0.02095

Appendix C-2

Missouri State Highway Patrol
Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	6,000
Direct Labor Cost (2)	1.00 FTEs		19,052
Fringe Benefit Cost (3) @	30.00%		5,716
Floor Space (4)	\$10.00 per square foot		6,124
Utilities & Telephone (5)			174
Insurance (6)			0
Equipment Maintenance Agreements (7)			14,400

Total Fixed Costs	\$51,466
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Variable Costs

Overtime Labor (8)	\$	0
Parts repair/replacement (9)		0
Litho Plates		0
Paper (10)		0
Film negatives		0
Consumable supplies (12)		1,200
Paper (13)		See footnote

Total Variable Costs	\$1,200
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Total Costs	\$52,666
Total Impressions	1,200,000
Average Cost Per Impression	\$0.04389

Appendix C-2

Division of Employment Security
Annual Litho Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$ 21,121
Direct Labor Cost (2)	10.50 FTEs	245,028
Fringe Benefit Cost (3) @	30.00%	73,508
Floor Space (4)	\$10.00 per square foot	70,187
Utilities & Telephone (5)		3,393
Insurance (6)		0
Equipment Maintenance Agreements (7)		24,217

Total Fixed Costs **\$437,454**

Variable Costs

Overtime Labor (8)	\$ 0
Parts repair/replacement (9)	2,668
Litho Plates	
Metal (10)	6,763
Film negatives (11)	6,646
Consumable supplies (12)	10,296
Paper (13)	See footnote

Total Variable Costs **\$26,373**

Total Costs	\$463,827
Total Impressions	23,400,000
Average Cost Per Impression	\$0.01982

Appendix C-2

Division of Employment Security
Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	8,200
Direct Labor Cost (2)	0.50 FTEs		11,664
Fringe Benefit Cost (3) @	30.00%		3,499
Floor Space (4)	\$10.00 per square foot		1,213
Utilities & Telephone (5)			59
Insurance (6)			0
Equipment Maintenance Agreements (7)			0

Total Fixed Costs	\$24,635
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Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			0
Litho Plates			
Paper (10)			0
Film negatives			0
Consumable supplies (12)			0
Paper (13)			0

Total Variable Costs	\$0
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Total Costs	\$24,635
Total Impressions	404,484
Average Cost Per Impression	\$0.06091

Highway & Transportation Department

Annual Litho Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	0
Direct Labor Cost (2)	4.00 FTEs		86,293
Fringe Benefit Cost (3) @	30.00%		25,887
Floor Space (4)	\$10.00 per square foot		8,300
Utilities & Telephone (5)			1,053
Insurance (6)			0
Equipment Maintenance Agreements (7)			7,997

Total Fixed Costs \$129,530

Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			828
Litho Plates			
Metal (10)			2,098
Film negatives (11)			2,062
Consumable supplies (12)			3,194
Paper (13)			See footnote

Total Variable Costs \$8,182

Total Costs \$137,712

Total Impressions 7,260,000

Average Cost Per Impression \$0.01897

Appendix C-2

Highway & Transportation Department

Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	54,729
Direct Labor Cost (2)	9.00 FTEs		194,158
Fringe Benefit Cost (3) @	30.00%		58,247
Floor Space (4)	\$10.00 per square foot		26,870
Utilities & Telephone (5)			3,393
Insurance (6)			0
Equipment Maintenance Agreements (7)			67,964

Total Fixed Costs	\$405,361
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Variable Costs

Overtime Labor (8)	\$	0
Parts repair/replacement (9)		1,847
Litho Plates		
Paper (10)		32,400
Film negatives		0
Consumable supplies (12)		14,328
Paper (13)		See footnote

Total Variable Costs	\$48,575
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Total Costs	\$453,936
Total Impressions	23,400,000
Average Cost Per Impression	\$0.01940

Appendix C-2

<h2>Department Of Social Services</h2> <h3>Annual Litho Print Costs</h3>
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08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	0
Direct Labor Cost (2)	0.00 FTEs		0
Fringe Benefit Cost (3) @	30.00%		0
Floor Space (4)	\$10.00 per square foot		0
Utilities & Telephone (5)			0
Insurance (6)			0
Equipment Maintenance Agreements (7)			0

Total Fixed Costs	\$0
-------------------	-----

Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			0
Litho Plates			
Metal (10)			0
Film negatives (11)			0
Consumable supplies (12)			0
Paper (13)		See footnote	

Total Variable Costs	\$0
----------------------	-----

Total Costs	\$0
Total Impressions	0
Average Cost Per Impression	ERR

Appendix C-2

Department Of Social Services
Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	9,588
Direct Labor Cost (2)	2.00 FTEs		35,436
Fringe Benefit Cost (3) @	30.00%		10,631
Floor Space (4)	\$10.00 per square foot		8,110
Utilities & Telephone (5)			1,010
Insurance (6)			0
Equipment Maintenance Agreements (7)			42,000

Total Fixed Costs	\$106,775
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Variable Costs

Overtime Labor (8)	\$	0
Parts repair/replacement (9)		0
Litho Plates		0
Paper (10)		0
Film negatives		0
Consumable supplies (12)		6,967
Paper (13)		See footnote

Total Variable Costs	\$6,967
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Total Costs	\$113,742
Total Impressions	6,967,200
Average Cost Per Impression	\$0.01633

Appendix C-2

Missouri National Guard
Annual Litho Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	9,400
Direct Labor Cost (2)	3.00 FTEs		72,000
Fringe Benefit Cost (3) @	30.00%		21,600
Floor Space (4)	\$10.00 per square foot		22,000
Utilities & Telephone (5)			365
Insurance (6)			0
Equipment Maintenance Agreements (7)			15,818

Total Fixed Costs	\$141,183
--------------------------	------------------

Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			287
Litho Plates			
Paper			3,024
Metal			0
Film negatives (11)			0
Consumable supplies (12)			1,108
Paper (13)			See footnote

Total Variable Costs	\$4,419
-----------------------------	----------------

Total Costs	\$145,602
Total Impressions	2,520,000
Average Cost Per Impression	\$0.05778

Appendix C-2

Missouri National Guard Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	0
Direct Labor Cost (2)	0.00 FTEs		0
Fringe Benefit Cost (3) @	30.00%		0
Floor Space (4)	\$10.00 per square foot		0
Utilities & Telephone (5)			0
Insurance (6)			0
Equipment Maintenance Agreements (7)			0

Total Fixed Costs	\$0
--------------------------	------------

Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			0
Litho Plates			0
Paper (10)			0
Film negatives			0
Consumable supplies (12)			0
Paper (13)		See footnote	

Total Variable Costs	\$0
-----------------------------	------------

Total Costs	\$0
Total Impressions	0
Average Cost Per Impression	ERR

Appendix C-2

Department Of Elementary & Secondary Education Annual Litho Print Costs
--

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$ 7,200
Direct Labor Cost (2)	3.00 FTEs	58,392
Fringe Benefit Cost (3) @	30.00%	17,518
Floor Space (4)	\$10.00 per square foot	12,000
Utilities & Telephone (5)		1,218
Insurance (6)		0
Equipment Maintenance Agreements (7)		6,791

Total Fixed Costs	\$103,119
--------------------------	------------------

Variable Costs

Overtime Labor (8)		\$ 0
Parts repair/replacement (9)		958
Litho Plates		
Paper		1,440
Metal (10)		2,080
Film negatives (11)		2,045
Consumable supplies (12)		3,696
Paper (13)		See footnote

Total Variable Costs	\$10,219
-----------------------------	-----------------

Total Costs	\$113,338
Total Impressions	8,400,000
Average Cost Per Impression	\$0.01349

Department Of Elementary & Secondary Education Annual Quick Print Costs

08/09/94

Fixed Costs

Equipment Depreciation (1)		\$	0
Direct Labor Cost (2)	0.00 FTEs		0
Fringe Benefit Cost (3) @	30.00%		0
Floor Space (4)	\$10.00 per square foot		0
Utilities & Telephone (5)			0
Insurance (6)			0
Equipment Maintenance Agreements (7)			0

Total Fixed Costs

\$0

Variable Costs

Overtime Labor (8)		\$	0
Parts repair/replacement (9)			0
Litho Plates			0
Paper (10)			0
Film negatives			0
Consumable supplies (12)			See footnote
Paper (13)			

Total Variable Costs

\$0

Total Costs

\$0

Total Impressions

0

Average Cost Per Impression

ERR

Appendix C-3

Litho and Quick Copy Printing Costs

Footnotes

1. *Equipment Depreciation:*

While some departments depreciate equipment for ten years, five years was used to establish a basis for comparison. Equipment configurations, age and purchase costs were gathered from the attached departmental survey (see Print Consolidation Footnotes: Attachment C). Departments with equipment five years or less in age would be assumed to carry depreciation while units older than five years carry no value annually. The model is very conservative in the sense that there were no depreciation or maintenance charges carried for secondary support equipment related to printing such as cutters, folders, collators, plate makers, cameras, etc. in any department except the State Printer. State Printer was assumed to carry all print equipment costs including related support equipment. In this sense, state print costs are "fully loaded" while department costs are not, therefore making total savings surely greater than displayed.

2. *Direct Labor:*

Total labor levels were gathered from all departments via attached survey (see Print Consolidation Footnotes: Attachment C) then divided by the number of FTE's employed to arrive at an average cost per FTE. Labor was then attributed to either quick copy or litho operations based on industry production averages.

3. *Fringe Benefit Costs:*

These were assumed to be 28% of the base wage.

4. *Floor Space:*

An average cost per square foot of \$10 was used (statewide average quoted by O.A. Design and Construction is actually \$12.01). The number of square feet occupied by each department's print function was captured on departmental print surveys (see Print Consolidation Footnotes: Attachment C). The total annual floor space cost was then apportioned to either quick copy or litho models based on volume produced in each.

5. ***Utilities and Telephone:***

To establish an average, State Printer's line item cost for utilities and telephone was divided by the number of impressions produced (in Fiscal year '93 - '94 these figures were \$32,999 and 228,107,000 respectively). This per impression cost was then multiplied by each department's print volume to arrive at an average cost for these essentials. This cost recognition is key as many departments carry such items in budgets that do not reflect supporting printing internally. In this, and all other cost estimates in which state printer was used as a benchmark, this approach was assumed accurate because:

1. All line item costs are reviewed by state printer's accountant.
2. All line item costs are reviewed by Division of Accounting.
3. All line item costs are reviewed by state auditor.
4. All line item costs are finally reviewed by federal auditors.

6. ***Insurance:***

It was assumed that all departments were self-insured.

7. ***Equipment Maintenance Agreements:***

These figures were captured from public record and vendors providing the service. Only the maintenance costs for stand-alone print engines were captured for departments, while state printer loaded costs for support equipment (plate makers, collators, etc.) as well. In this sense, department print costs should also be conservative.

8. ***Overtime Labor:***

This was assumed to be 0 in all departments. Again, the model is conservative in the sense that State Print was uplifted for overtime labor while department print shops were not.

9. ***Parts Repair and Replacement:***

To establish an average, State Printer's line item cost for parts repair and replacement was divided by the number of impressions produced (in fiscal '93 - '94 these figures were \$26,006 and 228,107,000 respectively). This per impression cost was then multiplied by each department's print volume to arrive at an average cost for these essentials. It is assumed that failure rates and the costs of replacement parts are the same on identical equipment whether used by state printer or other departments.

10. *Litho Plates:*

To establish an average, State Printer's line item costs for metal and plastic plates were combined and then divided by the number of impressions produced (in fiscal year '93 - '94 these figures were \$65,882 and 228,107,000 respectively).

Paper plates are not used by State Printer as newer technology has replaced such devices. The departmental cost for paper plates was arrived at by assuming an industry average usage of 1 plate per 100 copies (1 plate per 60 copies at Missouri Highway and Transportation Department due to the short run nature of bid lettings). This yield was then divided into reported departmental quick copy usage (see Print Consolidation Footnotes: Attachment C) so as to arrive at monthly paper plate usage. This usage figure was then multiplied by a state contract cost of \$.12 per paper plate.

11. *Film Negatives:*

To establish an average, State Printer's line item cost for film negatives was divided by the number of impressions produced (in fiscal '93-'94 these figures were \$64,737 and 228,107,000 respectively). This per impression cost was then multiplied by each departments's print volume to arrive at an average cost for this essentials.

12. *Consumable Supplies:*

To establish an average, State Printer's line item cost for consumable supplies was divided by the number of impressions produced (in fiscal '93 - '94 these figures were \$100,406 and 228,107,000 respectively for litho and \$90,696 and 66,895,000 respectively for quick copy) This per impression cost was then multiplied by each department's print volume to arrive at an average cost for these essentials.

13. *Paper:*

This was excluded from the model as any paper acquired by either departments or State Printer is done so at State contract price levels. There should be no difference in paper prices purchased by any state department and, therefore, the only variable is size, type and/or finish of paper used. This is assumed to be constant between all groups.

It should be noted that paper is one of the most expensive elements in the print equation often representing 35% of total "per page" costs. For the full impact of print costs on total department appropriations, paper costs should always be included.

Appendix C-4

Printing and Duplication Survey**Instructions:**

Make one copy of this form for each printing/duplication operation and each laser/line printer environment. Please answer the following questions to describe conventional and laser printing services which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information

1. Name the department or agency completing this form? CONSERVATION
2. Name the person, their phone number and extension completing this form?
WIL HOSKINS 751-4115 EXT 207
3. What date was this survey completed? 5/10/94
4. What is the location or street address of this service? 2901 W TRUMAN BLVD
5. In what city is the service located? JEFFERSON CITY MO 65109

Building Information

6. What is the square footage of office space in this service? 75 ½ FOR PRINTING
7. What is the square footage of work area in this service? 2,160
8. What is the square footage of materials storage area in this service? 432

Service Information

9. Is a specific organization such as your print shop or copy center responsible for this service?
YES PRINT SHOP
10. In the answer to Question 9 is NO, then who performs this service?
11. What is the annual cost for printing services provided by outside vendors? \$1,430,000
12. What procedures, personnel, or equipment would improve performance and/or reduce costs? NONE

Staff Information

13. How many full-time equivalent employees (FTEs) work at this service? 5½ + ½ SUPERVISOR
14. What is the annual payroll for all employees involved with this service? \$162,748

Other Information

15. What services could your department provide to other print shops or copy centers? NONE

Comments

THE PRINT SHOP AND MAILROOM ARE COMBINED. THERE IS ONE SUPERVISOR FOR THE PRINTING AND MAILING OPERATION. ONE EMPLOYEE WORKS ½ TIME IN THE PRINT SHOP AND ½ TIME IN THE MAILROOM. EQUIPMENT IS USED BOTH IN THE PRINT SHOP AND MAILROOM FOR MAXIMUM EFFICIENCY.

Appendix C-4

Printing and Duplication Survey

Instructions:

Make one copy of this form for each printing/duplication operation and each laser/line printer environment. Please answer the following questions to describe conventional and laser printing services which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information

1. Name the department or agency completing this form? Missouri State Highway Patrol - Print Shop
2. Name the person, their phone number and extension completing this form?
Captain C. L. Plunkett (751-2045)
3. What date was this survey completed? May 11, 1994
4. What is the location or street address of this service? 1510 East Elm Street
5. In what city is the service located? Jefferson City

Building Information

6. What is the square footage of office space in this service? N/A
7. What is the square footage of work area in this service? 2,144
8. What is the square footage of materials storage area in this service? 612

Service Information

9. Is a specific organization such as your print shop or copy center responsible for this service? Yes
10. In the answer to Question 9 is NO, then who performs this service? N/A
11. What is the annual cost for printing services provided by outside vendors? \$200,000
12. What procedures, personnel, or equipment would improve performance and/or reduce costs?
 1. New Press
 2. New Copier
 3. Additional Personnel

Staff Information

13. How many full-time equivalent employees (FTEs) work at this service? 3
14. What is the annual payroll for all employees involved with this service? \$57,156

Other Information

15. What services could your department provide to other print shops or copy centers?

We have the ability to run one or two sides on copier and staple.

We can run one or two colors on the presses, two sides at once, fold, cut jobs.

We can collate, staple, fold and trim on our collator, punch and bind, or 3-hole drill

Comments

שִׁיר לְיָמֵינוּ

Equipment Information _____ with speeds of 70 pages per minute or faster) and their usage pat-

16. Indicate conventional printing/duplication equipment (with speeds of 75 pages per hour or more) at this service:	Quantity	Spec. Appl. %	Usage

[illegible]

17. Indicate laser or line printers used in your host or LAN environment: N/A						
				YES	envelopes	10%
						5D/1S

[illegible]

Appendix C-4

Printing and Duplication Survey**Instructions:**

Make one copy of this form for each printing/duplication operation and each laser/line printer environment. Please answer the following questions to describe conventional and laser printing services which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information

1. Name the department or agency completing this form? Missouri Division of Employment Security
2. Name the person, their phone number and extension completing this form?
Jim H. Chilcutt (314)751-3193
3. What date was this survey completed? May 6, 1994
4. What is the location or street address of this service? 421 East Dunklin Street
5. In what city is the service located? Jefferson City

Building Information

6. What is the square footage of office space in this service? 240
7. What is the square footage of work area in this service? 5,500
8. What is the square footage of materials storage area in this service? 1,400 (sorting)

Service Information

9. Is a specific organization such as your print shop or copy center responsible for this service? Yes
10. In the answer to Question 9 is NO, then who performs this service? N/A
11. What is the annual cost for printing services provided by outside vendors? \$279,651.72
12. What procedures, personnel, or equipment would improve performance and/or reduce costs?
 - A. New collator with trimmer.
 - B. Two-color head press.
 - C. Eliminate costly "middle man" situation when ordering envelopes through Missouri Department of Corrections instead of directly from a vendor.

Staff Information

13. How many full-time equivalent employees (FTEs) work at this service? 11
14. What is the annual payroll for all employees involved with this service? \$256,692.00

Other Information

15. What services could your department provide to other print shops or copy centers?
Darkroom services if proper staffing pattern is considered also.

Comments

Appendix C-4

Equipment Information

16. Indicate conventional printing/duplication equipment (with speeds of 70 pages per minute or faster), and their useage patterns at this service:

[illegible]

17. Indicate laser or line printers used in your host or LAN environment:

[illegible]



MISSOURI DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF EMPLOYMENT SECURITY
FAX COVER SHEET

To (Office Name & ID Number) COMAP Efficient Ops TF		FAX Telephone Number 751-7181
Attention SHERI KLEPZIG		Date 6-20-94
From (Office Name & ID Number) DES (Admin Services)		Sender's Name Arlan W. Mahon
Delivery Priority: <input type="checkbox"/> Hand Deliver Immediately <input type="checkbox"/> Mail <input type="checkbox"/> Other _____		
If information concerns one of the following, check appropriate box: <input type="checkbox"/> Employer (Account No.) _____ <input type="checkbox"/> Applicant (Social Security No.) _____ <input type="checkbox"/> Claimant (Social Security No.) _____		
Number of Pages (including this one) 2	If you do not receive all of the pages, or have any questions about this transmission, please call 751-5123	Hard Copy Will Follow <input type="checkbox"/>
Special Instructions or IOC Message: <i>This is the infamous Item #17 material from the Division of Employment Security as it pertains to Printing & Duplicating.</i> <i>Am</i>		
<p>This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure. If the reader of this message is not the intended recipient or an employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us by mail. Thank you.</p>		

Equipment Information:

16. Indicate conventional printing/duplication equipment (with speeds of 70 pages per minute or faster), and their usage patterns at this service: (Item #16 info submitted previously),

[illegible]

Appendix C-4

Printing and Duplication Survey**Instructions:**

Make one copy of this form for each printing/duplication operation and each laser/line printer environment. Please answer the following questions to describe conventional and laser printing services which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information

1. Name the department or agency completing this form? Missouri Highway and Transportation Department
2. Name the person, their phone number and extension completing this form?
Mike Dickneite (314)751-0665
3. What date was this survey completed? May 13, 1994
4. What is the location or street address of this service? Capitol & Jefferson Streets
5. In what city is the service located? Jefferson City

Building Information

6. What is the square footage of office space in this service? 84 sq.ft.
7. What is the square footage of work area in this service? 3,175 sq.ft.
8. What is the square footage of materials storage area in this service? 258 sq.ft.

Service Information:

9. Is a specific organization such as your print shop or copy center responsible for this service?
Yes
10. In the answer to Question 9 is NO, then who performs this service?
11. What is the annual cost for printing services provided by outside vendors? \$671,107.00 Statewide
12. What procedures, personnel, or equipment would improve performance and/or reduce costs?
Automated equipment.

Staff Information

13. How many full-time equivalent employees (FTEs) work at this service? 13
14. What is the annual payroll for all employees involved with this service? \$280,451.00

Other Information

15. What services could your department provide to other print shops or copy centers?
Off-set printing, copying, large format reproductions if time is available on equipment.

Comments

Turn around time - same day to one week.

Appendix C-4

Printing and Duplication Survey**Instructions:**

Make one copy of this form for each printing/duplication operation and each laser/line printer environment. Please answer the following questions to describe conventional and laser printing services which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information:

1. Name the department or agency completing this form? Dept. Social Services - Div. General Services
2. Name the person, their phone number and extension completing this form?
Rick Contryman (314) 751-3870
3. What date was this survey completed? 5/13/94
4. What is the location or street address of this service? 221 W. High 5th Floor Broadway Building
5. In what city is the service located? Jefferson City, MO

Building Information:

6. What is the square footage of office space in this service? 179.33
7. What is the square footage of work area in this service? 632 including storage and 1 desk
8. What is the square footage of materials storage area in this service?

Service Information:

9. Is a specific organization such as your print shop or copy center responsible for this service?
YES
10. In the answer to Question 9 is NO, then who performs this service?
11. What is the annual cost for printing services provided by outside vendors? \$24,360.85 (FY 94)
12. What procedures, personnel, or equipment would improve performance and/or reduce costs?
None, at this time.

Staff Information:

13. How many full-time equivalent employees (FTEs) work at this service? 2
14. What is the annual payroll for all employees involved with this service? \$35,436.00

Other Information:

15. What services could your department provide to other print shops or copy centers?
Thermabinding if time is available and if Department will be reimbursed for supplies.

Comments:

Appendix C-4

Printing and Duplication Survey

Instructions:

Make one copy of this form for each printing/duplication operation and each laser/line printer environment. Please answer the following questions to describe conventional and laser printing services which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sheri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information

1. Name the department or agency completing this form? MISSOURI NATIONAL GUARD
KESELTON TRAINING SITE NEMC-IMA-PD
2. Name the person, their phone number and extension completing this form?
SGT PARRISH W. TAGGART
(314) 626-9557
3. What date was this survey completed? 11 MAY 94
4. What is the location or street address of this service? KESELTON TRAINING SITE
2302 MILITIA DRIVE J.C. MO. 65101-1205
5. In what city is the service located? JEFFERSON CITY, MISSOURI

Building Information

6. What is the square footage of office space in this service? 2200 sq ft
7. What is the square footage of work area in this service? 92 ME AS #6 (all combined Area)
8. What is the square footage of materials storage area in this service? SAME AS #6 (all combined Area)

Service Information

9. Is a specific organization such as your print shop or copy center responsible for this service?
YES - WEEKLY and FIXABLE SERVICE
NO - ON MONTHLY SERVICE and BROKEN TECHNICAL PROBLEMS
10. In the answer to Question 9 is NO, then who performs this service? AM MULTIGRAPHICS AND MODERN BUSINESS SYSTEMS
11. What is the annual cost for printing services provided by outside vendors? VARYING PRICES YEAR to YEAR @ 6000.00
12. What procedures, personnel, or equipment would improve performance and/or reduce costs?
ADDITIONAL EQUIPMENT WOULD

Staff Information

13. How many full-time equivalent employees (FTEs) work at this service? 3 (2 state, 1 FEDERAL)
14. What is the annual payroll for all employees involved with this service? @ 72,000.00 annually

Other Information

15. What services could your department provide to other print shops or copy centers?

Comments

Appendix C-4

Printing and Duplication Survey

Instructions:

Make one copy of this form for each printing/duplication operation and each laser/line printer environment. Please answer the following questions to describe conventional and laser printing services which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information

1. Name the department or agency completing this form? Elementary & Secondary Education

2. Name the person, their phone number and extension completing this form?

Carter Campbell 751-4681

3. What date was this survey completed? May 13, 1994

4. What is the location or street address of this service? 2401 E. McCarty

5. In what city is the service located? Jefferson City

Building Information

6. What is the square footage of office space in this service? 0

7. What is the square footage of work area in this service? 1,100

8. What is the square footage of materials storage area in this service? 100

Service Information

9. Is a specific organization such as your print shop or copy center responsible for this service?

Yes, but not for all services.

10. In the answer to Question 9 is NO, then who performs this service? OA Quick Print, OA Print Center & print vendors

11. What is the annual cost for printing services provided by outside vendors? \$330,000

12. What procedures, personnel, or equipment would improve performance and/or reduce costs?

Staff Information

13. How many full-time equivalent employees (FTEs) work at this service? 3

14. What is the annual payroll for all employees involved with this service? 58,392

Other Information

15. What services could your department provide to other print shops or copy centers?

None

Comments

Appendix C-4

Equipment Information

16. Indicate conventional printing/duplication equipment (with speeds of 70 pages per minute or faster) and their usage patterns at this service:

[illegible]

17. Indicate laser or line printers used in your host or LAN environment:

[illegible]

Appendix C-5

Summary of Savings

08/09/94

Litho Printing Costs

	Annual # Of Impressions	Department's Average Cost Per Impression	OA Average Cost Per Impression	Annual Savings
Department Of Conservation	15,638,400	\$0.01033	\$0.00684	54,652
Missouri State Highway Patrol	4,200,000	\$0.02095	\$0.00684	59,270
Division of Employment Security	23,400,000	\$0.01982	\$0.00684	303,875
Highway & Transportation Department	7,260,000	\$0.01897	\$0.00684	88,086
Department Of Social Services	0			0
Missouri National Guard	2,520,000	\$0.05778	\$0.00684	128,376
Elementary & Secondary Education	8,400,000	\$0.01349	\$0.00684	55,919
Litho Totals	61,418,400			690,178

Quick Print Costs

	Annual # Of Impressions	Department's Average Cost Per Impression	OA Average Cost Per Impression	Annual Savings
Department Of Conservation	3,681,600	\$0.01958	\$0.01295	24,417
Missouri State Highway Patrol	1,200,000	\$0.04389	\$0.01295	37,125
Division of Employment Security	404,484	\$0.06091	\$0.01295	19,397
Highway & Transportation Department	23,400,000	\$0.01940	\$0.01295	150,886
Department Of Social Services	6,967,200	\$0.01633	\$0.01295	23,510
Missouri National Guard	0		\$0.01295	0
Elementary & Secondary Education	0		\$0.01295	0
Quick Print Totals	35,653,284			255,335

Total Savings

	Annual Volume	Annual Savings
Litho Totals	61,418,400	\$690,178
Quick Print Totals	35,653,284	\$255,335
Grand Total	97,071,684	\$945,513

Appendix D

Staff Information:

23. How many full-time equivalent employees (FTEs) work at this facility?

24. What is the total annual payroll for all employees at this facility?

Equipment Information

25. What major equipment is used at this facility? Example: fork lift, hand truck, etc.

26. What is the three-year (3) average annual cost for maintenance and repair for the above equipment?

27. What is the cost of equipment purchased for the last three (3) years?

28. If any of the equipment is leased, which ones?

29. What new equipment has been requested for Fiscal Year 1995?

Inventory Information:

30. What is the average annual inventory value of material at this facility?

31. If you use an automated inventory control system, please identify software used?

32. What is the average turnover rate for inventory at this facility?

33. What is the average time span from when a requisition is received to when delivery of inventory is made to the requester? (Indicate the average time considering everything stocked.)

34. Do other departments or agencies utilize this facility for storage of their inventory?
List the contact person and their phone number(s):

35. What special facility requirements does your department/agency have? Examples include refrigeration, heat, lighting, humidity control, ventilation, telephone, hazardous materials, etc.

36. If hazardous materials are stored at this facility, what is the square footage allotted? Identify special requirements for storing hazardous materials at this facility.

Other Information

37. What services could your agency provide to other departments/agencies at this facility?

Comments (please attach an extra sheet with your information.)

Appendix D

Warehouse/Storage Facility Survey	
Instructions:	
<p style="text-align: center;">Make one copy of this form for each warehouse/storage facility.</p> <p><i>Please answer the following questions to describe warehouses/storage facilities which are the responsibility of your department or agency. The term "facility" will be used in place of warehouse/storage facility. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.</i></p>	
Department Information	
1.	Name the department or agency completing this form?
2.	Name the person, their phone number and extension completing this form?
3.	What date was this survey completed?
4.	What is the name of, and identification or inventory number of this facility?
5.	What is the location or street address of this facility?
6.	In what city is the service located?
Building Information	
7.	What is the square footage of office space area in this facility?
8.	What is the square footage of materials storage area in this facility?
9.	What is the square footage of other miscellaneous area in this facility?
10.	What type(s) of material is stored in the facility? Indicate major categories such as office supplies, training materials, equipment, furniture, forms etc.
11.	Is the facility state-owned? Indicate yes or no. If NO, proceed to question 14.
12.	What was the acquisition cost for this facility?
13.	In what fiscal year was the facility purchased?
14.	What is the annual lease/rent payment for this facility?
15.	What is the lease expiration date?
16.	What renewal options does the lease for this facility have?
17.	Is there a penalty to cancel the lease before expiration date?
18.	What is that penalty cost?
19.	Who owns this facility? Indicate contact name, address, city, state, zip code and area code/phone number.
20.	What is the annual maintenance and repair cost? Add the maintenance and repair costs for the last three (3) years and divide by 3. If the facility was owned less than three (3) years, add maintenance and repair costs and divide by number of years owned.
21.	What are the annual utility costs for this facility?
22.	What percentage of the facility floor space is used (A) annual average? (B) peak periods? <div style="float: right; text-align: right;"> A B </div>

CANDIDATE WAREHOUSE/CONSOLIDATION COST SAVINGS ANALYSIS										
Agency	Warehouse Location	Annual rent/lease payment	Area per sq. ft.	Agency Current Cost				Floor space \$	Savings	
				Leased floor space, \$/sq. ft.	Owned floor space, \$/sq. ft.	Number FTE	Labor Payroll		Supervisory ****	Labor ***
Insurance	HST		400		12.01**	0		4,004		
Social Services	3523 N. Ten Mile Dr	\$49,500	20,240	2.45		9	\$148,212	9,100	\$32,000	\$151,769
	Archive W/H Center									
Revenue	605 Howard Street	\$0	18,600		X	3	\$51,600			\$52,838
OA Facilities Management	HST		15,035		12.01**	0		150,500		
OA Facilities Management	709 MO Blvd.		25,270		X	3	50,000*			\$51,200
National Guard, Fac Mgmt	McCarty St. Armory	\$0	12,250		X	0				
	Old Troop F Bldg.									
MO Water Patrol	2413A E McCarty	\$0	4,520		X	3	\$69,492			\$71,160
Mental Health	1706 East Elm		400		10.11	1.25	\$22,059	3,244		\$22,588
Mental Health	1011 Industrial Drive	\$3,600	1,200	3.00		0		1,200		
Elementary/Secondary Ed.	Jefferson Bldg.		5,912		12.01**	0		59,176		
	DESE W/H									
Elementary/Secondary Ed.	328 East Capitol Dr	\$5,652	4,250	1.33		0				
Corrections Commodity	2715 Plaza Drive	\$66,050	18,800	3.50		5	\$97,812	28,200	\$32,000	\$100,159
Corrections Commodity	Hwy 50W, Centertwn	\$64,000	32,000	2.00		0		0		
Probation	2715 Plaza Drive	\$10,500	3,000	3.50		1	\$16,980	4,500		\$17,388
J.C. Correction Center	631 State Street		37,540		X	6	\$126,588		\$32,000	\$129,626
DOLIR Employment Security	1011 Industrial Drive	\$72,800	26,000	2.80		0		20,020		
Econ. Develop.-Prof Reg.	3605 MO Blvd		1,390		9.18	2	\$31,070	9,980		\$31,816
	1011 Industrial Dr.		1,500	3.84				2,760		
Econ Dev-Council/Trans/CU	HST		800		12.01**	1	\$17,910	8,008		\$18,340
Econ Develop-Tourism	2207 Idlewood	\$6,054	2,754	2.20		0		551		
Econ Develop-Public Serv	1101 E Capitol Ave	\$2,775	1,500	1.85		0				
Econ Develop-Public Serv	HST		600		12.01**	0		6,006		
Health	2628A Industrial	\$28,462	11,270	2.50		3	\$74,600	5,635		\$76,390
Agriculture	1616 MO Blvd		24,200		X	0				
Elem/Sec. Ed. Voc Rehab	1101 E Capital St	\$2,000	1,000	2.00		0		0		
Totals			270,431					312,884	\$96,000	\$723,274
X Old fully depreciated buildings										
* Calculated										
** Actual cost is \$18/sq.ft.										
*** Current Payroll multiplied by 1.28 for fringe & 0.8 for inmate labor										
**** Assume supervisor if FTE of 5 or more, salary \$25,000 plus fringe										

CURRENT WAREHOUSE AREA EXCLUDED AS VIABLE CANDIDATE FOR CONSOLIDATION			
AGENCY	WAREHOUSE		REASON FOR EXCLUSION
	Area (sq. ft.)	Location	
MO Correctional Enterprises	36,000	2715 Plaza Drive	May be included in consolidation but, not in cost savings because of enterprise status
DOLIR Board of Mediation	1,080	3315 W. Truman	Primarily office space
Conservation	23,960	2901 W. Truman	New warehouse cannot compete with \$1/yr floor space cost, very low operating cost and self service operation.
Highway Safety	647	1719 Southridge	Mix of office and storage, self service
National Guard, OAG	67,867	Ike Skelton Training Ctr	Military equipment/arms
Renz Correctional Center	788	Hwy 179	Inmate clothing and bedding
Renz Correctional Center	2,982	P.O. Box 3200	Food Storage
Corrections	4,200	Hwy 179	Food service supplies and canteen
Health	5,000	2701 B. West Main St.	Vaccines, drugs, health lab equipment, and records
Total	142,524		

Appendix G

Postal Services Survey

Instructions:

Make one copy of this form for each postal service operation.

Make one copy of this form for each postal service operation.
Please answer the following questions to describe postal services for mailing inside and outside of state government which are the responsibility of your department or agency. Complete this questionnaire by May 13, 1994 and return to: Attention: Sherri Klepzig, COMAP Efficient Operations Task Force, Harry S Truman State Office Building, Room 350, Jefferson City MO 65102 or call (314) 751-7096 with questions.

Department Information

1. Name the department or agency completing this form?
2. Name the person, their phone number and extension completing this form?
3. What date was this survey completed?
4. What is the location or street address of this service?
5. In what city is the service located?

Building Information

6. What is the square footage of office space area for this service?
-
7. What is the square footage of equipment area for this service?
-
8. What is the square footage of other miscellaneous area for this service?
-

Service Information

9. Is a specific organization such as a mailroom responsible for this service?
10. In the answer to Question 9 is NO, then who performs this service?
11. If your department or agency provides this service, please indicate the following:

[illegible]

- 12. Indicate your department's annual budget for the following:**

E&E	POSTAGE	FREIGHT	COMMON CARRIER	OTHER

Appendix G

13. What is the percentage of your budget expenditures for mailings within state government?
14. What is the percentage of your budget expenditures for mailings outside of state government?
15. Has your department used the bulk mailing contract with AAA Mailing Service, Inc. in the Jefferson City area arranged by the Office of Administration? If so what is the annual budget?
16. If not, why not?
Staff Information
17. How many full-time equivalent employees (FTEs) work at this service?
18. What is the total annual payroll for all employees at this service?
Equipment Information
19. What postal handling equipment is used by your service? (Examples: sorting machines, automated zip code readers, etc.)
20. What procedures, personnel and/or equipment would improve performance and/or reduce costs?
Other Information
21. What service could your department provide to other mail rooms?
Comments

Appendix H

Postal Services Survey Summary of Potential Savings

08/09/94

		\$	FTE
Potential Annual Postage Savings		430,716	
Best Case =	430,716		
Worst Case =	222,540		
Savings related to diminished use of AAA Mailing Service			135,555
Staff related savings (See assumptions below)			
Grand Total	1,508,334	86.45	
Revenue	250,000	15.00	
State Board of Mediation	75,000	2.00	
	<hr style="border-top: 1px dashed black;"/>		
Subtotal	1,183,334	69.45	
Less 50%	591,667	34.73	
Less 50% Retained by the Consolidated Mail Service	295,834	17.36	
	Total Personal Service Savings	295,834	17.36
	Fringe @ 30%	88,750	
	Ongoing Expenses Savings	104,160	
	Space savings	126,550	
Vehicle savings	27 @ \$12,000	324,000	
(See assumptions below)	Less 50%	162,000	
	Total Vehicle Savings	162,000	
Grand Total Savings		\$1,343,565	17.36

Savings Assumptions:

- 1) DOLIR—State Board of Mediation was not included. A phone call to them confirmed that the amounts reflected on the survey were total payroll and ftes for the board.
- 2) Assumes a 50% reduction for each agency. The remaining 50% will be used for internal sorting and delivery.
- 3) Assumes the consolidated mail service will require 50% of the agencies' reductions to handle increased volume. The remaining portion would be true savings to the state.
- 4) Office space savings assumes a 50% reduction in space needed. Since Revenue is not included in the detailed table, no adjustment is necessary.
- 5) Assumes excess equipment would be utilized in county or regional offices to provide additional ongoing postage savings.
- 6) Assumes each of the agencies with 1 or more full time fte dedicated to postal services utilizes a \$12,000 vehicle 50% of the time for mail pick-up and delivery.

Postal Services Survey
Summary of Potential Postage Savings

08/09/94

Agency	Type of Mail	Monthly Qty	Postage	Sort By Zip Code	# Digits Sort By	Bar Code	AAA	Current Rate	Current \$	Savings Worst	Savings Best
CBHE	Letters	7,500		No		No	Yes			0	450
Conservation	1st Class	32,400		Yes	5 & 9	Yes	Yes	0.233	7,546	23	23
	3rd Class	30,000							6,990	21	21
OA	1st Class	2,762		Yes	3 & 5	No	Yes	0.248	685	12	12
	1st Class presort	21,527							5,339	96	96
	3rd Class bulk	1,457							361	7	7
Insurance	1st Class	20,000		Yes	10	No	Yes	0.242	4,840	58	58
	AAA	2,025							490	6	6
Soc Serv-GS @ JC	Full rate desk	62,973		Yes	No	No	Yes	0.248	15,617	281	281
	Presort First Class	133,428							33,090	596	596
	Presorted First	443,931							110,095	1,982	1,982
	Third Class Bulk	2,959							734	13	13
Labor/Ind Relations	First Class	700	9,500	No		No	No	0.29	203	12	12
DOLR-State Board of Mediation	First Class *	290	1,000				No	0.29	1,000	60	60
DOLR	Letter	1,025,961		Yes	5	Yes	No	0.233	239,049	717	717
Employ Security					bulk = 9						
Economic Develop	1 through 4th class *	95,275	414,240	No		No	Yes		414,240	0	0
Professional Registr	UPS	varies		AAA							
Economic Develop	Letters	7,000	None	No		No	No	0.29	2,030	122	122
Public Svc Comm	Envelopes	500							145	9	9
Economic Develop	1st class letters	1,000	3,000	No		No	No	0.29	290	17	17
Office Public Counsel	Envelopes										
Economic Develop	Letters	6,000	36,000	No		No	Yes			0	360
Transportation	Flats	400				AAA					24
Economic Develop	Bank Mailings	828	20,742	No		No	No	0.29	240	14	14
Finance	Examiner Inform	336							97	6	6
Economic Develop	1st Class	250	3,000	No		No	No	0.29	73	4	4
Credit Unions											

Postal Services Survey
Summary of Potential Postage Savings

08/09/94

Agency	Type of Mail	Monthly Qty	Monthly Postage	Sort By Zip Code	# Digits Sort By	Bar Code	AAA	Current Rate	Current \$	Savings Worst	Savings Best
Economic Develop Tourism	Freight *	23,000	100,000	No	AAA does their sorting	No	Yes			0	0
Economic Develop Job Develop & Training	1st/4th Class	1,650	22,912	No		No	No	0.29	479	29	29
Health	1st Class Presort	42,000	415,000	No		No	Yes			0	2,520
	1st Class	7,400									444
	3rd Class bulk	47,500									2,850
Agriculture	1st Class	2,059	134,751	No		No	Yes			0	124
	3rd Class	85									5
Natural Resources	1st Class	26,486	209,168				Yes			0	1,589
	3rd Class	11									1
Division of Liquor Control	General	4,580	54,098				No	0.29	1,328	0	0
Mo. State Hwy Patrol	1st Class *	15,862	65,000				No	0.29	4,600	276	276
	3rd Class Bulk *	2,814							816	49	49
Mo. Highway & Transportation Dept.	1st Class	40,000	250,000				Not Frequently	0.29	11,600	2,400	2,400
	3rd Class	1,000							290	60	60
Mental Health	1st Class	80,000	243,000				Yes			0	4,800
Elementary & Secondary Education (DESE)	1st Class Presort	48,000	350,000				Yes			0	2,880
	3rd Class bulk	14,000								0	840
DESE- Vocational Rehabilitation	1st Class	7,680	140,000				Yes			0	461
Corrections	1st Class	6,000	25,000				No	0.29	1,740	360	360
Correctional Enterprises	3rd Class	15,000					No	0.29	4,350	900	900
Board of Probation & Parole	1st Class	6,000	37,000				No	0.29	1,740	360	360
	3rd Class	80							23	5	5
Jeff. City Correctional Center	1st Class	40,000	7,200				No	0.29	11,600	2,400	2,400
	2nd Class	8,000							2,320	480	480

Postal Services Survey
Summary of Potential Postage Savings

08/09/94

Agency	Type of Mail	Monthly Qty	Postage	Sort By Zip Code	# Digits Sort By	Bar Code	AAA	Current Rate	Current \$	Savings Worst	Savings Best
	3rd Class	12,000							3,480	720	720
Renz Correctional Center	1st Class	30,000	1,740,000				No	0.29	8,700	1,800	1,800
Algoa Correctional Center	1st Class	70 bags * * Assumes 1,000 pieces per bag	2,700				No	0.29	20,300	4,200	4,200
Central Mo Correctional Center	1st Class	7,500	4,000				No	0.29	2,175	450	450
		2,388,209									
									Total	18,545	35,893
									Annual Savings	222,540	430,716
									AAA Savings **	135,555	135,555
									Grand Total	358,095	566,271

* Quantity derived by taking given postage total divided by \$.29 for Agencies not using AAA and \$.23 for agencies using AAA.

** Amount reflected is the total actual FY 94 expenditures made with AAA.

Department of Revenue	DL Warnings	95,000	4,885,000	Yes	5 or 3	Yes	Yes - \$98,000			
	DL Renewals	1,200,000								
	MV Renewals	4,500,000								
	MV Titles	1,200,000								
	Marine Renewals	75,000								
	MV Misc	225,000								
	Inc Tax 1099-G	480,000								
	Inc Tax Booklets	1,300,000								
	Inc. Tax Postcards	1,470,000								
	Inc. Tax Refund Checks	1,400,000								
	Inc. Tax Withhold Adjust	135,000								
	Inc. Tax Misc.	1,350,000								
	State Tax Returns	125,000								
	State Tax MITS Aging	125,000								
	State Tax Misc.	30,000								
	Excise Tax Refunds	2,000								
	Fuel Tax	30,000								
	HST Floor Mail	2,050,000								
	Certified Mail	92,000								
	Total Monthly	15,884,000								

Appendix H

Postal Services Survey
Summary of Staff, Expenses, and Space

08/09/94

Agency	FTE	Payroll	Expenses *	Space **		Total
				Sq. Ft.	\$	
CBHE	0.25	?	1,500	200	2,402	3,902
Conservation	4.00	66,000	24,000	1,425	17,114	107,114
OA	3.00	50,316	18,000	875 *	0	68,316
Insurance	3.00	48,624	18,000	301	3,615	70,239
Soc Serv--GS @ JC	10.00	144,360	60,000	2,800	33,628	237,988
Labor/Ind Relations	No Answer	No Answer		0	0	0
DOLIR--State Board of Mediation	2.00	75,000	12,000	1,080	12,971	99,971
DOLIR Employ Security	9.60	198,658	57,600	4,344	52,171	308,429
Economic Develop Professional Registr	1.00	12,515	6,000	248	2,978	21,493
Economic Develop Public Svc Comm	1.00	20,235	6,000	100	1,201	27,436
Economic Develop Office Public Counsel	1.00	15,000	6,000	10	120	21,120
Economic Develop Transportation	1.00	13,552	6,000	134	1,609	21,161
Economic Develop Finance	1.00	14,500	6,000	100	1,201	21,701
Economic Develop Credit Unions	1.00	18,000	6,000	44	528	24,528
Economic Develop Tourism	1.00	21,840	6,000	2,170	26,062	53,902
Economic Develop Job Develop & Training	0.25	3,303	1,500	24	288	5,091
Health	No Answer	No Answer		790	9,488	9,488
Agriculture	1.00	17,232	6,000	266	3,195	26,427
Natural Resources	2.25	37,941	13,500	847	10,172	61,613
Division of Liquor Control	0.00	0	0	60	721	721

Appendix H

Postal Services Survey Summary of Staff, Expenses, and Space

08/09/94

Agency	FTE	Payroll	Expenses *	Space **		Total
				Sq. Ft.	\$	
Mo. State Hwy Patrol	1.00	23,340	6,000	264	3,171	32,511
Mo. Veterans Comm.	0.10	1,730	600	100	1,201	3,531
Highway Safety	1.00	12,000	6,000	164	1,970	19,970
Revenue	15.00	250,000	90,000	No Answer	0	340,000
Mo. Highway & Transportation Dept.	6.00	118,000	36,000	665	7,987	161,987
Mental Health	1.00	25,000	6,000	420	5,044	36,044
Elementary & Secondary Education (DESE)	2.50	43,248	15,000	1,188	14,268	72,516
DESE- Vocational Rehabilitation	2.50	43,248	15,000	145	1,741	59,989
Corrections	2.00	28,824	12,000	180	2,162	42,986
Correctional Enterprises	0.00	0	0	0	0	0
Board of Probation & Parole	2.00	26,000	12,000	800	9,608	47,608
Jeff. City Correctional Center	5.00	74,808	30,000	1,465	17,595	122,403
Renz Correctional Center	1.00	16,344	6,000	81	973	23,317
Algoa Correctional Center	3.00	57,588	18,000	609	7,314	82,902
Central Mo Correctional Center	2.00	31,128	12,000	50	601	43,729
Total	86.45	1,508,334	518,700	21,074	253,099	2,280,133
Fringe Benefits @ 30.00%		452,500			Fringe Benefits	452,500
					Grand Total	2,732,633

* Calculated @ \$6,000 per FTE

** Rate Per Square Foot = \$12.01

* This amount is not included in the total. It is assumed that OA would retain 50% of the space to sort internal mail and the remaining 50% would be utilized by the consolidated mail service.

Appendix I

**Problem Identification Survey
Intown Working Level Respondents
Responses to Question Six**

Question six reads as follows: List below the three topic areas, from the ones supplied and /or the ones you have identified, which you feel are most likely to yield meaningful efficiency returns to state government. Put them in priority order with the most important topic as number one and the third most important as number three. If you feel less than three need be pursued, please list the one or two topic areas in priority order.

	First	Second	Third	Total
Review Procurement Laws and Regulations	12	7	6	25
Privatization	2	0	3	5
Consolidate Duplicate Administrative Functions	4	3	7	14
Technological Enhancements	4	4	2	10
Provide Multi-Year Licenses& Innovative Distribution of Same	0	2	1	3
Improve Collection Methods	1	2	0	3
Budget	1	2	1	4
Personnel Procedures	4	5	1	10
Staffing Issues	2	3	2	7
Organizational Planning	3	2	2	7
Communications	1	0	1	2

Appendix J

Chapter 36

STATE PERSONNEL LAW (MERIT SYSTEM)

- Sec.
- 36.010. Citation of law.
- 36.020. Definitions.
- 36.030. Personnel, administration of merit system—departments affected—exemptions—employee suggestions, awards authorized.
- 36.040. Personnel division, head, functions.
- 36.050. Advisory board, members, appointment, terms, removal, compensation.
- 36.060. Duties of board.
- 36.070. Rules and regulations—authorized—suspension and reinstatement, procedure.
- 36.080. Director—appointment—salary—removal— prohibited activities.
- 36.090. Duties of personnel director.
- 36.100. Director to prepare position classification plans.
- 36.110. Allocation of positions to appropriate classes—right of employees to be heard.
- 36.120. Changes in or reallocation of positions.
- 36.130. Appointments subject to approval of director.
- 36.140. Director to prepare pay plan.
- 36.150. Appointments and promotions, how made—discrimination prohibited, remedy to be provided, how.
- 36.160. Interference with fair examination or ratings—misdemeanor.
- 36.170. Examinations, how conducted—agencies may administer—exceptions—provisions for handicapped.
- 36.180. Director to determine eligibility of candidates for examination—reader for blind, interpreter for hearing impaired.
- 36.190. Notice of examination—information to be given in notice—how given.
- 36.200. Rating of examination—notice of results—correction in rating does not invalidate previous appointment.
- 36.210. No competitive examinations for certain positions.
- 36.220. Preference ratings for veterans.
- 36.240. Appointing authorities procedure to fill vacancies—laid-off or demoted personnel given preference, when.
- 36.250. Probationary periods.
- 36.260. Provisional appointments—approval of director—for what period.
- 36.270. Emergency appointments.
- 36.280. Transfer of employees.
- 36.290. Effect of transfer or promotion to an exempt position.
- 36.300. Vacancies, how filled.
- 36.310. Reinstatement register.
- 36.320. Promotional register.
- 36.330. Director to certify employment rights of state and of employees.
- 36.340. Director to establish system of service reports.
- 36.350. Sick and annual leaves—regulations to apply to all state agencies.
- 36.360. Layoffs.
- 36.370. Suspension of employees—exception for national guard members, when—appeal from suspension authorized.
- 36.380. Dismissal of employee—notice, how given—approval for reemployment, when.
- 36.390. Right of appeal, procedure, regulation—non-merit agencies may adopt—dismissal appeal procedure—non-merit agencies, not adopting, to establish similar system, exceptions.
- 36.400. Powers of board to administer oaths and issue subpoenas.
- 36.410. Failure of employee to testify—penalty.
- 36.420. Records open for public inspection.
- 36.430. Use of public buildings.
- 36.440. Compliance with law.
- 36.450. Costs of administration, paid how.
- 36.460. Violation by employee—penalty.
- 36.470. Merit system employees entitled to service letter, when—refusal, penalty.
- 36.500. Personnel division to perform personnel studies and services as directed by commissioner.
- 36.510. Director's duties for all state agencies—strikes by merit system employees.

CROSS REFERENCES

Eleemosynary and penal institutions, employees to be selected on basis of merit, Const. Art. IV § 19
State employees retirement system, Chap. 104, RSMo

36.010. Citation of law.—This chapter, together with any subsequent amendments thereto, shall be known and may be referred to as “The State Personnel Law”.
(L. 1945 p. 1157 § 1, A.L. 1979 H.B. 673)

36.020. Definitions.—Unless the context clearly requires otherwise, the following terms mean:

(1) “Appointing authority”, an officer or agency subject to this law having power to make appointments;

(2) “Class” or “class of positions”, a group of positions subject to this law sufficiently alike in duties, authority and responsibilities to justify the same qualifications and the same schedule of pay to all positions in the group;

(3) “Disabled veteran”, a veteran who has served on active duty in the armed forces at any time who receives compensation as a result of a service connected disability claim allowed by the federal agency responsible for the administration of veteran's affairs, or who receives disability retirement or disability pension benefits from a federal agency as a result of such a disability;

(4) “Division of service” or “division”, a state department or any division or branch thereof, or any agency of the state government, all the positions and employees in which are under the same appointing authority;

(5) “Eligible”, a person whose name is on a register;

(6) “Open competitive examination”, a test for positions in a particular class, admission to which is not limited to persons employed in positions subject to this law;

(7) “Promotional examination”, a test for positions in a particular class, admission to which is limited to employees with regular status in positions subject to this law;

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STATE PERSONNEL LAW (MERIT SYSTEM)

§ 36.030

34.359. Treaties and law of the United States to supersede.—Nothing in sections 34.350 to 34.359 is intended to contravene any existing treaty, law, agreement, or regulation of the United States. All contracts under sections 34.350 to 34.359 shall be entered into in accordance with existing treaty, law, agreement, or regulation of the United States in-

cluding all treaties entered into between foreign countries and the United States regarding export-import restrictions and international trade and shall not be in violation of sections 34.350 to 34.359 to the extent of such accordance.

(L. 1987 S.B. 74 § 6)

Chapter 36

STATE PERSONNEL LAW (MERIT SYSTEM)

Sec.

- 36.030. Personnel, administration of merit system—departments affected—exemptions—employee suggestions, awards authorized.
- 36.031. Applicability of merit system—director of personnel to notify affected agencies.
- 36.060. Duties of board—rules generally, promulgation, review—procedure.
- 36.150. Appointment and promotions, how made—no discrimination permitted—political activities prohibited, exception participating in presidential caucus—violations, cause for dismissal.

CROSS REFERENCE

Leave of absence for military service for public employees and officers without loss of status or benefits, RSMo 41.942, 105.269

36.030. Personnel, administration of merit system—departments affected—exemptions—employee suggestions, awards authorized.—1. A system of personnel administration based on merit principles and designed to secure efficient administration is established for all offices, positions and employees, except attorneys, of the department of social services, the department of corrections, the department of health, the department of natural resources, the department of mental health, the personnel division and other divisions and units of the office of administration, the division of employment security of the department of labor and industrial relations, the division of industrial inspection, the tourism commission, environmental improvement authority, Missouri housing development commission, the Missouri state water patrol, the Missouri veterans commission, such other agencies as may be designated by law, and such other agencies as may be required to maintain personnel standards

on a merit basis by federal law or regulations for grant-in-aid programs, except that the following offices and positions of these agencies are not subject to this law and may be filled without regard to its provisions:

(1) Other provisions of the law notwithstanding, members of boards and commissions, departmental directors, three principal assistants designated by the departmental directors, division directors, one assistant designated by each division director, and one secretary for each such position, except that these exemptions shall not apply to the personnel division;

(2) One secretary for each board or commission, the members of which are appointed by the governor or by a director of the department;

(3) One secretary for each director, division head and each exempt principal assistant, deputy and institution head, and each member of boards and commissions the members of which devote their full time to the business of the board or commission and are appointed by the governor or by a director of a department of the executive branch of government, except the personnel director;

(4) Chaplains and attorneys regularly employed or appointed in any department or division subject to this law, persons employed in a professional or scientific capacity to make or conduct a temporary and special inquiry, investigation, or examination, and persons whose employment is such that selection by competitive examination is not practicable under all the circumstances as determined by the board by rule;

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(5) Persons whose employment is incidental to the fulfillment of a formal contract entered into in behalf of the state by competent authority when the persons are in fact employees, agents or representatives of the contractor;

(6) Patients or inmates in state charitable, penal and correctional institutions who may also be employees in the institutions;

(7) Persons employed in an internship capacity in a state department or institution as a part of their formal training, at a college, university, business, trade or other technical school, except that by appropriate resolution of the governing authorities of any department or institution, the personnel division may be called upon to assist in selecting persons to be appointed to internship positions;

(8) The resident administrative head of each state medical, penal and correctional institution, as warranted by the size and complexity of the organization and as approved by the personnel board;

(9) A deputy or deputies to the exempt head of each division of service, as warranted by the size or complexity of the organization and in accordance with the rules promulgated by the personnel advisory board, and one secretary for each deputy so exempted, but merit status will be retained by present incumbents of these positions and all other positions identified in this section which have previously been subject to this law.

2. All positions in the executive branch transferred to coverage under this chapter where incumbents of such positions have at least twelve months' prior service on the effective date of such transfer shall have incumbency preference and shall be permitted to retain their positions, provided they meet qualification standards acceptable to the personnel division of the office of administration. An employee with less than twelve months of prior service on the effective date of such transfer or an employee who is appointed to such position after the effective date of such transfer and prior to the classification and allocation of the position by the personnel division shall be permitted to retain his position, provided he meets acceptable qualification standards and subject to successful completion of a working test period which shall not exceed twelve months of total service in the position. After the allocation of any position to an established classification, such position shall thereafter be filled only in accordance with all provisions of this chapter.

3. The system of personnel administration governs the appointment, promotion, transfer, layoff, removal and discipline of employees and officers and other incidents of employment in divisions of service subject hereto, and all appointments and promotions to positions subject to this law shall be made on the basis of merit and fitness.

4. To encourage all state employees to submit suggestions that will reduce the costs, or improve the quality of state services, the director of the personnel division shall establish reasonable rules and provide reasonable standards for determining the amount, not to exceed five thousand dollars, of any award that may be given for a suggestion. Awards shall be made from funds appropriated for this purpose.

5. The commissioner of administration shall submit a report to the president pro tem of the senate and the speaker of the house of representatives each year on the employee suggestion award program described in subsection 4 of this section. The report shall include information regarding:

- (1) The number of suggestions made;
- (2) The number of suggestions approved for implementation;
- (3) The actual and estimated cost savings resulting from employee suggestions; and
- (4) The amount of cash awards made to employees for adopted suggestions.

(L. 1945 p. 1157 § 2, A.L. 1947 V. I p. 375, A.L. 1959 H.B. 111, A.L. 1973 1st Ex. Sess. H.B. 8, A.L. 1979 H.B. 673, A.L. 1989 S.B. 135, A.L. 1990 H.B. 1452)

***36.031. Applicability of merit system—director of personnel to notify affected agencies.**—Any provision of law to the contrary notwithstanding, except for the elective offices, institutions of higher learning, the department of highways and transportation, the department of conservation, those positions in the Missouri state highway patrol the compensation of which is established by sections 43.070 and 43.080, RSMo, those positions for which the constitution specifically provides the method of selection, classification, or compensation, and the positions specified in subsection 1 of this section,** but including attorneys, those departments, agencies and positions of the executive branch of state government which have not been subject to these provisions of the state personnel law shall after July 1, 1991, be subject to the provisions of sections 36.100, 36.110, 36.120 and 36.130, and the

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regulations adopted under sections 36.100, 36.110, 36.120 and 36.130, which relate to the preparation, adoption and maintenance of a position classification plan, the establishment and allocation of positions within the classification plan and the use of appropriate class titles in official records, vouchers, payrolls and communications. Any provision of law which confers upon any official or agency subject to the provisions of this section*** the authority to appoint, classify or establish compensation for employees shall mean the exercise of such authority subject to the provisions of this section.*** This section*** shall not extend coverage of any section of chapter 36, except those specifically named in this section,*** to any agency or employee. In accordance with sections 36.100, 36.110, 36.120 and 36.130, and after consultation with appointing authorities, the director of the personnel division shall conduct such job studies and job reviews and establish such additional new and revised job classes as he finds necessary for appropriate classification of the positions involved. Such classifications and the allocation of positions to classes shall be established as soon as practicable but not later than December 31, 1994, and shall be maintained thereafter on a current basis by the personnel division. The director of the personnel division shall, at the same time, notify all affected agencies of the appropriate assignment of each job classification to one of the salary ranges within the pay plan then applicable to merit system agencies. Not later than July 1, 1996, and thereafter, the affected agencies and employees in the classifications set under this section*** shall be subject to the pay plan and rates of compensation established and administered in accordance with the provisions of this section, and the regulations adopted under this section, on the same basis as for merit agency employees. In addition, any elected official, institution of higher learning, the department of highways and transportation, the department of conservation, the general assembly, or any judge who is the chief administrative officer of the judicial branch of state government may request the division of personnel to study salaries within the requestor's office, department or branch of state government for classification purposes.

(L. 1990 H.B. 1452 § 54.320 subsec. 3)

*Revisor's note: Section 36.031 was originally a part of another section to which this material was not germane, an apparent rafting error. Interested persons should be aware of this numbering and placement.

**Apparent reference to section 36.030.

***Word "subsection" appears in original rolls.

36.060. Duties of board—rules generally, promulgation, review—procedure.—1. In addition to the duties imposed upon it elsewhere in this chapter, it shall be the duty of the board:

(1) To conduct hearings and render decisions on appeals as provided in this act;

(2) To make any investigation which it may consider desirable concerning the administration of personnel subject to this law;

(3) To hold regular meetings with appointing authorities to propose methods of resolving general personnel problems;

(4) To make annual reports, and such special reports as it considers desirable, to the governor and the general assembly regarding personnel administration in the state service and recommendations there. These special reports shall evaluate the effectiveness of the personnel division and the appointing authority in their operations under this law;

(5) To make such suggestions and recommendations to the governor and the director relating to the state's employment policies as will promote morale, efficiency and uniformity in compensation of the various employees in the state service;

(6) To promulgate rules and regulations to insure that no applicant or employee is discriminated against on the basis of race, creed, color, religion, national origin, sex, ancestry or handicap.

2. No rule or portion of a rule promulgated under the authority of this chapter shall become effective until it has been approved by the joint committee on administrative rules in accordance with the procedures provided herein, and the delegation of the legislative authority to enact law by the adoption of such rules is dependent upon the power of the joint committee on administrative rules to review and suspend rules pending ratification by the senate and the house of representatives as provided herein.

3. Upon filing any proposed rule with the secretary of state, the filing agency shall concurrently submit such proposed rule to the committee, which may hold hearings upon any proposed rule or portion thereof at any time.

4. A final order of rulemaking shall not be filed with the secretary of state until thirty days after such final order of rulemaking has been received by the committee. The committee may hold one or more hearings upon such final order of rulemaking during the thirty-day period. If the committee does not disapprove

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such order of rulemaking within the thirty-day period, the filing agency may file such order of rulemaking with the secretary of state and the order of rulemaking shall be deemed approved.

5. The committee may, by majority vote of the members, suspend the order of rulemaking or portion thereof by action taken prior to the filing of the final order of rulemaking only for one or more of the following grounds:

(1) An absence of statutory authority for the proposed rule;

(2) An emergency relating to public health, safety or welfare;

(3) The proposed rule is in conflict with state law;

(4) A substantial change in circumstance since enactment of the law upon which the proposed rule is based.

6. If the committee disapproves any rule or portion thereof, the filing agency shall not file such disapproved portion of any rule with the secretary of state and the secretary of state shall not publish in the Missouri Register any final order of rulemaking containing the disapproved portion.

7. If the committee disapproves any rule or portion thereof, the committee shall report its findings to the senate and the house of representatives. No rule or portion thereof disapproved by the committee shall take effect so long as the senate and the house of representatives ratify the act of the joint committee by resolution adopted in each house within thirty legislative days after such rule or portion thereof has been disapproved by the joint committee.

8. Upon adoption of a rule as provided herein, any such rule or portion thereof may be suspended or revoked by the general assembly either by bill or, pursuant to section 8, article IV of the constitution, by concurrent resolution upon recommendation of the joint committee on administrative rules. The committee shall be authorized to hold hearings and make recommendations pursuant to the provisions of section 536.037, RSMo. The secretary of state shall publish in the Missouri Register, as soon as practicable, notice of the suspension or revocation.

(L. 1945 p. 1157 § 6, A.L. 1971 S.B. 327, A.L. 1979 H.B. 673, A.L. 1993 S.B. 52)

36.150. Appointment and promotions, how made—no discrimination permitted—political activities prohibited, exception participating in presidential caucus—violations, cause for dis-

missal.—1. Every appointment or promotion to a position covered by this law shall be made on the basis of merit as provided in this chapter. Demotions in and dismissals from employment shall be made for cause under rules and regulations of the board uniformly applicable to all positions of employment. No appointment, promotion, demotion or dismissal shall be made because of favoritism, prejudice or discrimination. The regulations shall prohibit discrimination in other phases of employment and personnel administration and shall provide such remedy as is required by federal merit system standards for grant-in-aid programs and is not provided in chapter 296, RSMo.

2. Political endorsements shall not be considered in connection with any such appointment.

3. No person shall use or promise to use, directly or indirectly, for any consideration whatsoever, any official authority or influence to secure or attempt to secure for any person an appointment or advantage in appointment to any such position or an increase in pay, promotion or other advantage in employment.

4. No person shall in any manner levy or solicit any financial assistance or subscription for any political party, candidate, political fund, or publication, or for any other political purpose, from any employee in a position subject to this law, and no such employee shall act as agent in receiving or accepting any such financial contribution, subscription, or assignment of pay. No person shall use, or threaten to use, coercive means to compel an employee to give such assistance, subscription, or support, nor in retaliation for the employee's failure to do so.

5. No employee selected under the provisions of this law shall be a member of any national, state, or local committee of a political party, or an officer of a partisan political club. Such person shall take no part in the management or affairs of any political party or in any partisan political campaign, except that nothing in this section shall prohibit an employee from attending and participating in a partisan presidential caucus held for the purpose of determining a group of registered voters' preference for the office of President of the United States. No such employee shall be a candidate for nomination or election to any partisan public office or nonpartisan office in conflict with that employee's duties unless such person resigns, or obtains a regularly granted leave of absence, from such person's position.

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6. No person elected to partisan public office shall, while holding such office, be appointed to any position covered by this law.

7. Any officer or employee in a position subject to this law who purposefully violates any of the provisions of this section shall forfeit such office or position. If an appointing authority finds that such a violation has occurred, or is so notified by the director, this shall constitute cause for dismissal under section 36.390 and a final determination by the board as to the occurrence of a violation.

(L. 1945 p. 1157 § 43, A. 1949 S.B. 1018, A.L. 1973 1st Ex. Sess. H.B. 8, A.L. 1979 H.B. 673, A.L. 1993 S.B. 31)

36.390.

(1986) This section requires the board to calculate backpay, to date of wrongful discharge, but allows board to adjust such backpay by rule of "avoidable consequences" and by an amount for costs and reasonable attorneys' fees. *DeSilva v. Director of Div. of Aging*, 714 S.W. 2d 690 (Mo.App. 1986).

(1988) Attorney general was authorized to terminate an assistant attorney general at any time and was not required to adopt a post-discharge hearing procedure. Where more than one statute deals with the same subject, the statutes should be harmonized when reasonable but to the extent of any discord between them, the definite prevails. (Mo.App.) *Wood v. Webster*, 772 S.W. 2d 1.

Chapter 37

OFFICE OF ADMINISTRATION

Sec.

37.005. Powers and duties, generally.

37.012. Commissioner may provide cooperative purchasing services—when.

37.020. Definitions—socially and economically disadvantaged small business concerns—plan to increase and maintain participation—study—oversight review committee, members.

SURPLUS PROPERTY

37.076. Federal surplus property fund established, purpose—investment—not to lapse into general revenue.

37.079. Report by commissioner on surplus property agency, content.

FORMS MANAGEMENT UNIT

37.300. Definitions.

CROSS REFERENCES

Capital cases, state to reimburse certain counties for prosecution, when, RSMo 50.853

Crimes committed in state prisons, prosecution, expenses, county to be reimbursed, limitation, computation, RSMo 50.850

Missouri advisory assistive technology council to be assigned to office of administration, when, RSMo 191.858

Motor vehicles, state fleet; fuel conservation and alternative fuels use program, powers and duties, RSMo 414.400, 414.406, 414.415

Purchases, contracts, leases by all public agencies to be only for goods produced in the United States, exceptions, procedure, RSMo 34.350 to 34.359

Regulation of conflicts of interest, financial disclosure, and lobbying, RSMo 105.456 to 105.498

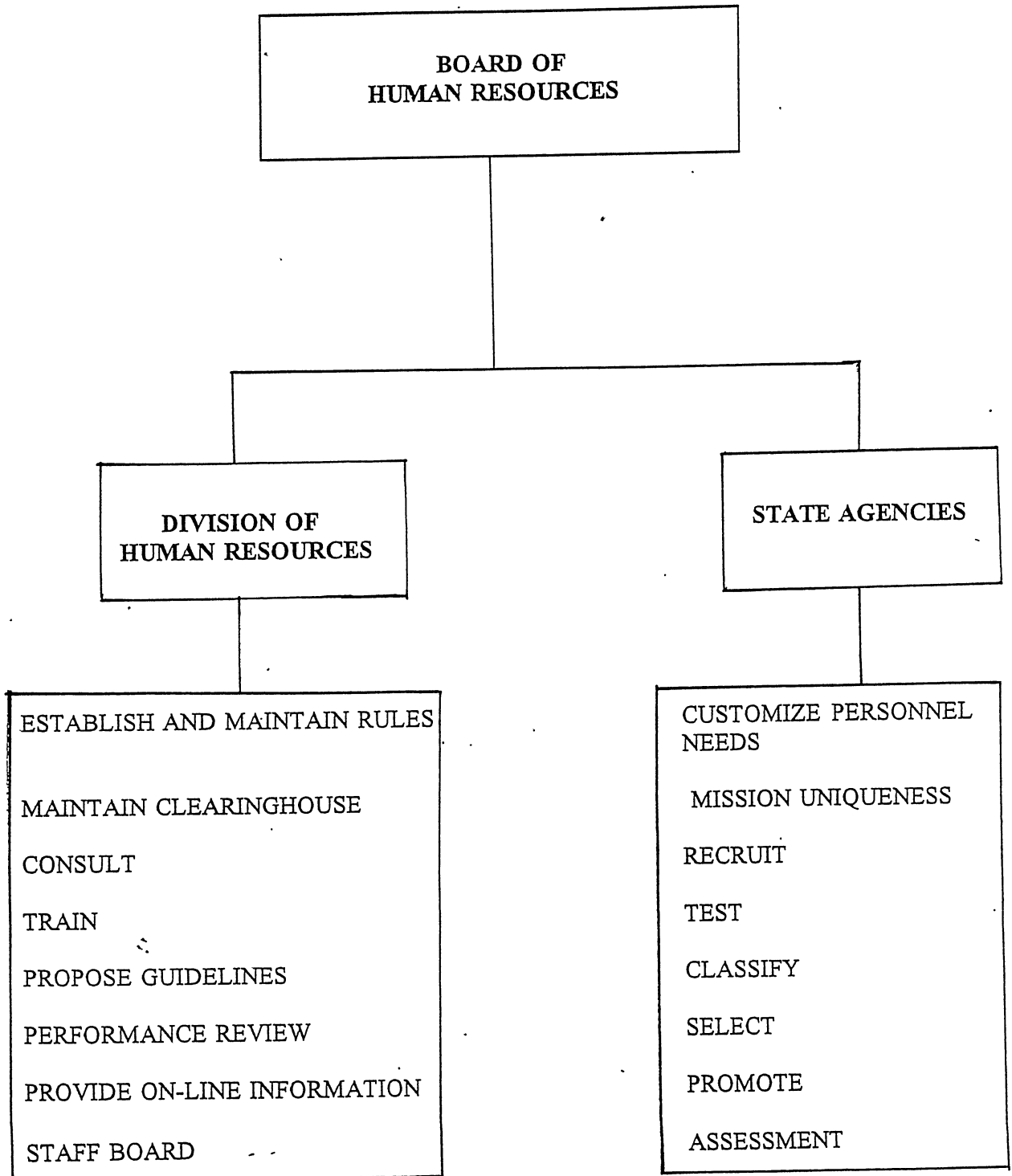
Underground storage tank insurance fund, advisory committee to be member, duties, RSMo 319.131

37.005. Powers and duties, generally.—1.

Except as provided herein, the office of administration shall be continued as set forth in house bill 384, seventy-sixth general assembly and shall be considered as a department within the meaning used in the Omnibus State Reorganization Act of 1974. The commissioner of administration shall appoint directors of all major divisions within the office of administration.

2. The commissioner of administration shall be a member of the governmental emergency fund committee as ex officio comptroller and the director of the department of revenue shall be a member in place of the chief of the planning and construction division.

3. The office of administration is designated the "Missouri State Agency for Surplus Property" as required by Public Law 152, eighty-first Congress as amended, and related laws for disposal of surplus federal property. All the powers, duties and functions vested by sections 37.075 and 37.080, and others, are transferred by type I transfer to the office of administration as well as all property and personnel related to the duties. The commissioner shall integrate the program of disposal of federal surplus property with the processes of disposal of state surplus property to provide economical and improved service to state and local agencies of government. The governor shall fix the



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30809

PROGRAM DECISION ITEM
FORM 5

DECISION ITEM RANK 016
DECISION ITEM NO. 092 NAME: DATA PROCESSING UPGRADE

(1) PROBLEM(S):

The Division of Personnel needs to significantly upgrade its data processing and work automation capabilities. We need to make our staff more fully productive and to meet the information needs of our customers. While other agencies have upgraded their capabilities two or even three times, we have never truly completed a first implementation.

(2) OBJECTIVE(S):

To implement the upgrade and completion of Division of Personnel data processing and office automation capabilities.

(3) DESCRIPTION:

This request includes four categories of office automation and data processing improvements:

- (a) New Workstations - Purchase of 15 new AS400 compatible workstations to expand our use of current Office of Administration systems. This workstation base would be necessary for the "imaging system" and the other capabilities requested;
- (b) Imaging System - An employment application imaging system, including in-house processor and storage, to support important services to our applicant and agency customers. An imaging system is essential to supporting the Department of Mental Health's "Reinventing Government" initiatives for the development of a new selection system based on a data base of skills and for the provision of applications to agencies;

- (c) Office Automation Upgrade - Completion of conversion from the Wang System to the AS400 Office Automation System and to extend office automation system capabilities to the approximately one-half of the staff for whom the capabilities have not been available under the old system; and

5. COST SUMMARY

BUDGET CLASS/FUND	CURRENT YEAR EXPENDITURES	BUDGET YEAR REQUEST
EXPENSE & EQUIPMENT		464,000
GENERAL REVENUE		464,000
TOTAL EXPENSE & EQUIP		464,000
TOTAL DECISION ITEM		

GOVERNOR
RECOMMEND

6. PERFORMANCE MEASURE:

- (d) Selection and Certification System Update - Conversion of existing selection/certification systems from a stand-alone Wang System to an AS400 System. This conversion would allow better connectivity with other OA systems and would provide the operating capacity to allow state agencies to make automated inquiries regarding lists of eligibles.

(4) COST EXPLANATION:

The cost estimates included in this request are:

New workstation base (15 PERSONAL COMPUTERS)	\$ 45,000	FOR IMAGING
Application imaging system	105,000	
Upgrade of office automation	159,000	
Update of selection/certification system	155,000	
	<u>\$464,000</u>	

Since this item is primarily for the purchase of data processing equipment, only \$23,200 in maintenance and user service costs will be continuing expenses. The remaining \$440,800 is one-time cost.

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EXPENSE AND EQUIPMENT
FORM 7

DECISION ITEM RANK 016
DECISION ITEM NO. 092 NAME: DATA PROCESSING UPGRADE

TITLE	PRIOR YEAR EXPENDITURE	CURRENT YEAR EXPENDITURE	BUDGET YEAR REQUEST	GOVERNOR RECOMMENDS
DATA PROC EXPENSE & EQUIPMENT	-----	-----	464,000	-----
TOTAL EQUIPMENT	-----	-----	464,000	-----
SOURCE OF FUND SUMMARY			464,000	
GEN REV FUND			464,000	
GRAND TOTAL	=====	=====	=====	=====

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FEASIBILITY STUDY DIVISION OF PERSONNEL NOVEMBER 15, 1993

The Division of Personnel requested, as a project for FY94, a feasibility study in the area of employment applications. The purpose of the study is to look at the application process as it is conducted now, to determine if imaging could be used to facilitate the process, which is the tracking and processing of those documents and the early disposal of the applications in order to discontinue the current manual filing system.

BACKGROUND:

The division currently processes upward of 400,000 pieces of paper in the processing of applications during a calendar year. Applications arrive on the average of upward to 200 per day. Keeping the application and the supporting documentation sent with it, along with the correspondence that takes place over the life of the application, is a major undertaking.

Applications are currently tracked, for the most part, with a manual routing slip. An application could be on any of three or four desks, in a given unit, within the application processing section. The only way to find the application is if someone knows where it is or a search is undertaken to locate it. Sometimes it takes as much as forty-five (45) minutes or more to locate an application when a request is made for information contained within that file. At times as many as three or four persons are looking for the same application. The application is not always where it is thought to be, as someone may have needed it to process a different inquiry related to the application. Each time an application is handled by someone in the processing flow; an out card must be prepared to identify who has the application and where in process it is, this sometimes does not happen. Each of these manual processes inhibit the flow of the information and also are a point at which errors can be introduced either through omission of a step or incorrect information being recorded.

The applications are stored using manual files. This allows for misfiling and sometimes lost documents (that were ready for filing

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The applicant is then scheduled automatically by the system into the appropriate test cycle or cycles. Some applications are received too late to be entered into the system for automatic scheduling and are forwarded to the supervisor of data entry who adds them to the test schedule using a manual process. The data entry task is the last to be performed and is only done after all other processing for the application has taken place.

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RESULTS OF STUDY:

After viewing the current application process and attending the various vendor presentations and demonstrations it appears significant improvement could be made by implementing imaging within the application processing cycle in the Division of Personnel.

Before imaging can be implemented within the Division of Personnel a policy must be developed and a procedure put in place to enact that policy.

That policy will need to describe the imaging process as it supports and becomes the record of the business process. It would need to describe in the regular course of business or activity that the division has kept or recorded any memorandum, writing, entry, print, representation or event. That in the regular course of business has caused any or all of the same to be recorded, copied or reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other process which accurately reproduces or forms a durable medium for so reproducing the original. If so, the original may be destroyed in the regular course of business unless held in a custodial or fiduciary capacity or unless its preservation is required by law.

Imaging could be used in the following areas to facilitate application processing.

Reception Area: Currently applications are received and processed by the receptionist and forwarded to the OSS unit. At this time no mechanism is in place to track an individual application. By implementing imaging and entering sufficient information to identify an application the tracking of same could be started before it leaves the reception area. Also at this time the application could be forwarded either manually or through the imaging system to the data entry section for initial processing in the scheduling system.

If the applicant is already in the scheduling system any updates needed could be made at this time and, if a new applicant, they could be established in the system at this time. After the application is imaged it can be designated for disposal rather than being sent to be filed.

Also, when a phone call is received the receptionist could enter name or social security number to determine where in process an application is and in some instances provide the required information. If needed the receptionist could forward the phone call to the appropriate person and they would know where the application is and be in a position to respond in a timely manner to the request for information.

Data Entry: Currently processing by data entry is the last step

in the application processing cycle. If information is not clear or it is missing, the operator must take the application to the OSS unit or analyst for the additional information before processing can be completed.

With the current design of the form, the identification number entered on page three (3) must be keyed which requires rotation of the document by data entry to be able to read it. If this number was on the front of the document, it could be identified after scanning as an index to be used in the retrieval process.

If the application was sent by the imaging system to data entry the document could be routed by the system to the appropriate entity to make the needed clarifications and/or corrections and then forwarded back to data entry for completion of their tasks. This would reduce or eliminate the need for data entry to deliver the application to other areas thus saving time in data entry.

Operations Support Staff: Currently the OSS unit receives an application from several sources and must keep track of where the application came from and who it is to be returned to or forwarded to.

With the application imaged the work flow could have steps, within the application process, automated and routing could be done automatically after each step in the process is completed.

Requests for information to be typed to solicit additional information from the applicant, to complete processing of their application could be automated using the capability of WINDOWS software to have more than one application active at one time. The request could be viewed in one window and the form prepared in another window without the need to use a typewriter to complete a preprinted form.

With imaging, when phone calls are received in the unit it would require just a few keystrokes to answer a question rather than the several minutes required currently to locate the application.

The OSS unit also does coding and other notations on the document which will require the use of notes or a like feature to attach to the document and be made a part of.

When the Analyst Section has completed work on the document and the OSS unit has completed processing it can be routed to data entry to have the scores and class codes entered into the WANG scheduling system to have the exam(s) scheduled as required to complete the application processing cycle.

Analyst Section: Currently the analyst must handle the application file and all the documents contained in it manually. The possibility of documents becoming separated from the file

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but somehow got "misplaced") and a search is again required to retrieve the application. A considerable amount of floor space is required for the manual files. It is a time consuming process to leave ones work area to go to the manual files to retrieve an application for additional processing or returning the application to the file.

Applications are received in the division and processed initially in the reception area. At this time they are time and date stamped, sorted with the information available and out cards prepared for correspondence as necessary.

They are then forwarded manually to the Operations Support Staff (OSS) for processing. The OSS unit logs the application in, assigns an identification number, enters the date and an out card is updated or prepared. The OSS unit also logs onto the MESH system to determine if the application is for a position in which the applicant has already been appointed, and/or to verify if the applicant is a current employee. The OSS unit sorts the applications by position/class code and manually passes them on to the team leader, who reviews the applications for completeness. If all is in order the team leader forwards them manually to the analyst section for the next step in the processing cycle.

The team leader for the analyst section tallies the number of applications, screens for special needs and then distributes them manually to an individual analyst for processing. Each analyst reviews the documentation contained within the application to determine if the applicant is qualified for the position being requested to be tested for. If additional information is needed, a request is prepared to forward to the OSS unit for preparation of the necessary documents to obtain the needed information. This is a manual process and is labor intensive and, as the information is written down and the necessary forms prepared, the possibility for errors exists (wrong SSN, misspelled names, etc.), as well as the documents becoming lost.

After the individual analyst has processed the application for the positions assigned for their review, it is forwarded back to the analyst team leader to determine if other positions need to be reviewed and, if so, the process is repeated until all positions have been reviewed. Most applications can be completed by a single analyst when all positions being applied for are in the same category/classification. The analyst determines the exam components, codes component, cycle, priority and specialty on the application. They also prepare the rating for the Education and Experience portion of the exam. If additional information is needed a form letter is prepared to request it and a tickler card is prepared to track the request. After the applicant is certified eligible for the position requested, the application is forwarded to the data entry unit for entering into the application scheduling system.

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exists. The lead analyst must sort the applications by position/class code and assign them to the analyst that works those particular positions.

After the analyst has worked the application, it is coded and returned to the lead analyst for review and forwarding either to the analyst for further work or back to the OSS unit for processing.

The analyst must prepare a request for information, code the application information pending, and forward to the OSS unit for further processing (preparation and mailing of request for information).

The imaging work flow system could be established to route all like position/class codes to a particular analyst relieving the lead analyst of the sorting function. After review and evaluation the analyst would attach a note to the application instructing the OSS unit what information is required and not be concerned that the note may become lost. The same is true of the other notations made on the current paper document. Notes attached would follow the application throughout the processing cycle (such as veteran's preference, Education and Experience ratings, etc.). Any documentation received from the applicant to support the application would be scanned and be made a part of the original application file to be used in further processing.

If at this time no additional work is required by the OSS unit or the analyst unit, the application would be forwarded to data entry for completion of the task of entering information into the WANG system required to schedule the applicant for the exam(s).

With the volumes of information contained in some applications it is essential an indexing scheme be developed for the timely retrieval of documents within an application file. This will require an in depth study and classification of documents in the application processing cycle be conducted. By grouping like documents together for retrieval, the "search" time will be greatly reduced. Examples of such would be; supervisory courses taken through the Division of Personnel, Technical courses taken to support the position being applied for, etc. With this feature provided, when an application is being reviewed only those documents relevant at that time would need to be retrieved. Currently under the manual process the entire file must sometimes be searched to find all related documentation.

This will be a major change in how the work effort of the analyst is done currently. All work is now done from paper documents and is sometimes hampered by missing documents. The change to an imaging system to accomplish this work effort will be a cultural change. In some areas it will possibly slow the process but in the overall process the time

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savings and ability to respond to inquiries very quickly will outweigh the disadvantages of that change. → A procedure for using the imaging (paperless) system will need to be developed and implemented to facilitate this change.

ROLES AND RESPONSIBILITY CHANGES:

With the implementation of imaging, within the division, a need for changes in roles and responsibilities of certain positions will occur. The receptionist or other clerical positions will need to be updated to reflect the role of operating the scanning equipment. It will also need to reflect the responsibility of indexing documents for retrieval at the time of scanning when appropriate. A system administrator function will require definition and implementation. This position will be responsible for implementing the work flow process established and the maintenance thereof to implement changes to the process as they occur.

The analyst and OSS Unit roles would change in that they would now perform their application processing function using the imaging system versus the paper documents as in the past. For this change to happen smoothly sufficient training will need to be provided to staff using the imaging system to perform their task. This will include training on how indexing is used to retrieve documents, including the index combinations that can be used to retrieve a specific document(s). With this knowledge the manual log used to track a document before will be easily replaced by automated indexing, and at the same time provide the assurance a document can be retrieved easily and quickly. The use of notes or other tracking materials can be affixed to the application in chronological order to pass pertinent information throughout the process.

Related to the role changes will be a need to provide equipment to enhance the ability of personnel to perform their tasks at an optimal level. This will require the addition of high resolution, large screen monitors with the ability to display documents side by side for review and comparison. The workstations will require upgrading for staff operating the imaging equipment. The workstations must be established with the ergonomic impact in mind. The workstation must be conducive to the work tasks being performed. There will be periods of time when highly repetitive tasks will be performed and ergonomics will play a very important role in the acceptance and success of these tasks.

It is understood that the tedious task of filing and retrieving of the manual files will be eliminated with imaging and should provide balancing of the change to the scanning tasks that will be required using the imaging system.

Outgoing correspondence that is currently prepared using a manual process could be automated through the use of the ..

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functionality provided by word processing. Form letters that are currently completed manually could be completed online and eliminate the need to prepare the request for correspondence that is now required. This could be for correspondence asking for additional information to complete the application processing or informing the applicant they are now qualified or not qualified for the position(s) being applied for.

For this to be possible, it will require the installation of letter quality printers within the application processing section sufficient to handle the volumes currently being prepared manually.

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SUMMARY:

Imaging introduces an opportunity to change the processing flow/steps in the application processing function within the Division of Personnel. It will allow an application to be entered and indexed upon receipt in the division. The application will then be accessible by anyone having access to the imaging system, with the necessary level of authority to see all or parts of the application, using the information keys defined to retrieve the application.

Imaging will provide the Division of Personnel the ability to respond to inquiries from applicants more quickly and also with more accuracy as documents related to an application, once imaged are available for the life cycle of the application. The application will now be available within seconds for review rather than the several minutes now required at times. Questions will be able to be answered during the conversation with the applicant rather than recording the request for information needed and then retrieving that information to be relayed to the applicant in either written form or a returned phone call. At times documents become separated from the file and a need arises to have that information resubmitted by the applicant. Imaging will eliminate this possibility provided the indexing is well defined and adhered to. By eliminating the "lost document syndrome", the integrity of the process by the general public will be enhanced. The service level provided to the applicant by the division will be greatly improved and the ability to be more interactive will present a forum for more information to be shared or requested on a more timely basis. This ability to shorten the information gathering process will improve the perceived and real service level to and by the general public.

Imaging will provide the ability for work to be distributed to various analysts. Frequently, when an application has a request for multiple positions, they span categories of work and require different analyst to perform the review and evaluation. Imaging, with work flow routing, would allow certain categories to automatically be routed to the analyst to which that position is assigned for review and evaluation. The application would be available at the analyst desk for which responsibility for a particular position(s) is assigned. At the same time another analyst could be working with the same application for other position(s) at their desk. If information is pending from the applicant it can be noted and the system will notify the user that the request for information has been received (within the time allowed) or that it has not been received and allow follow up action to be taken or processing of the application to be stopped. Through the functionality provided by WINDOWS software several of the functions performed can be integrated on an individual desktop. It can provide the ability to have a 3270 session (e.g. MESH) running in one window, imaging in another, a spreadsheet in another, etc., and allow them to be viewed concurrently.

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Imaging would also provide the ability for the receptionist to have access to the application at all points in processing. This revised processing flow will provide the receptionist with the ability to answer a high volume of the questions received related to an application.

Imaging upon receipt of the application and supporting documentation will also alleviate the misfiling of the application and documentation contained within it. It also will alleviate the "lost document". With scanning of the entire file upon receipt any information requiring a hard copy could be printed upon demand. Imaging would remove the ability to misplace or lose documents after processing by the receptionist upon receipt in the division.

If changes in processing allow the destruction of the application file after the imaging process takes place, a significant savings in time used in distributing, filing and retrieval functions would be realized. Along with this savings in time, floor space would be made available for other uses. This would also eliminate the current need to purge the files manually after either the six (6) months or three (3) year life of an application. The system would be implemented with those parameters in place and documents would be purged automatically upon those predefined expiration dates.

The ability would be present to track the number of applications by position code assigned to each analyst. The possibility would also exist to have an automated tracking of how long an application takes to process by different positions, such as Mental Health positions versus Corrections positions for the the same classification.

It must be noted that the system selected will determine the routing capabilities that will be available. It will also determine the level of reporting and tracking which can be accomplished. Any system selected will greatly improve the ability of the Division of Personnel to track an application, its associated documentation and at the same time respond to questions related to it in a more efficient and timely manner.

The success of imaging within the Division of Personnel will be determined by a strong commitment from upper management and the level of training received by the users and the system administrator(s). It is very important that individuals designated as users of the system be included in the process as imaging is brought in house and that they have input into how the system functions in relation to their day to day tasks. They may have very sound recommendations on work flow routing. They will have insight as to how imaging can be implemented to facilitate the application processing cycle and improve productivity, as well as reducing the elapsed time to process an application. By being made a part of the change to image processing, the resistance level will be greatly reduced and it will be "their" system being implemented.

Overview and Progress Summary on Implementation of ESHB 2054 The 1993 Civil Service Reform Bill

Key Components of ESHB 2054:

- Merger of Higher Education Personnel Board and the State Personnel Board
 - 1993-95 savings are \$338 thousand and 4.4 FTEs
 - HEPB abolished; staff relocated with DOP
 - Activities underway to integrate "best of both systems"
- Department of Personnel Director is appointed by and serves at the pleasure of the Governor
- Greater emphasis on workforce diversity training
 - Diversity trainers currently being selected
 - Training for managers will begin this year
- Agencies to use joint employee-management committees to ensure employee involvement
 - Agencies have begun establishing employee/management committees with guidance from OFM
- Rule-of-Five increased to Rule-of-Seven
 - Implemented effective July 1, 1993
- Governor's pool of exempt positions increased to one percent of the classified work force
- Legislative task force to study the personnel system; recommendations due to Legislature by December 1993
- Creation of the *Washington Management Service* - a separate personnel system for state managers



REINVENTING GOVERNMENT

WORK IN PROGRESS IN THE DEPARTMENT OF MENTAL HEALTH

NO. 2 JULY 1994

Reinventing the State Merit System and other employment practices

Two major initiatives of this task force are ready to go on line July 1. They will provide managers with more flexibility to get the job done for the agency and will provide employees more career opportunities.

The state Division of Personnel has approved a proposal allowing DMH facilities to recruit, select, and hire individuals for licensed or certified positions. Previously, these hires had to come from a listing provided by the Division of Personnel.

Jim Lowery, who directs the DMH Office of Human Resources and chair of the task force, said the change should give the facilities more flexibility and reduce the amount of time and paperwork.

"These are positions that traditionally are in high demand, but there is a short supply of people available," Lowery said. "Placing the recruitment and hiring at the facility level will speed up the process of filling these positions."

Licensed or certified positions account for about 1,010 positions in 33 different classes in the DMH. These are positions that require a state license or certificate to practice a profession. These include nurses, doctors, and therapists.

Another major initiative of this task force will give managers more flexibility in filling positions. There currently are more than 400 job classifications within the DMH. Putting

the best person in a position is not always possible because of the sometime rigid requirements of particular position titles under the merit system. A person may be well suited to a particular position, but lack the requirements of the position as it is listed on paper.

An initiative to address this situation involves 42 current classifications involving over 1,500 current

employees. When vacancies occur in these 42 classifications, managers will review the job function and choose one of three classification options to fill the vacancy.

For example, a typist position could be filled by either a clerk-ste-

nographer II, clerk-typist II, or clerk II. This change will allow managers to adjust for changes in the needs and demands of the position. This also will give employees more career opportunities, and allow them to better utilize their skills and knowledge to help the agency.

The 42 classifications involved in this initiative include clerical, dietary, physicians and psychiatrists, substance-abuse counselors, clinical social workers, programs specialists, and therapists. A complete list is available in each facility's personnel office.

In addition to these two initiatives, the task force is continuing work on other means of broad banding positions within the department, and working on changes to streamline the employee grievance process.

The Department of Mental Health is moving ahead on seven initiatives as part of its Reinventing Government effort. The **REINVENTING GOVERNMENT** newsletter provides an update on the work in those seven areas, including an in-depth look at one of the seven areas. This issue features a close up look at reinventing the State Merit System and other employee practices.

INITIATIVE UPDATE

Following is an update on the other six initiatives underway in Reinventing the Department of Mental Health.

Preparing DMH Facilities for Health Care Reform

Missouri, with Gov. Mel Carnahan's leadership, is applying for a waiver for its Medicaid program. Because this waiver will dramatically change the way services are funded and delivered, the DMH has determined that its six state-operated community mental health centers need to be positioned for competition in the managed care market. The state-operated centers — although exceeding estimated projections in new program initiatives — are bound by state regulations and merit system rules and processes which do not lend themselves to the flexibility needed to compete in a changing market.

In addition, state-operated centers lack the ability to fully avail themselves of alternative funding streams because of their status as state agencies. The task group determined that to effectively operate in the changing health care environment, the DMH's state-operated centers must be converted to private, nonprofit agencies.

In order to carry out this transition, it will be necessary for specific legislation to be introduced calling for the creation of an agency with a specified mission. The existing state-operated centers have contracts and leases that would have to be renegotiated into the name of the new agency. Means of transferring state equipment to the new entity would also have to be explored. It is estimated that it will take one year to complete this conversion — assuming that proposed legislation changes can be accomplished in the next legislative session. Another extremely important consideration is to develop the means whereby current state employees could be transferred to the new agency.

(continued on the back)

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Broad-band Model

BAND		
	MANAGER	INDIVIDUAL CONTRIBUTOR
13	Governor	
12	Secretary	
11	Agency Head	Executive Expert
10	Deputy/Assistant	Senior Expert
9	Director	Expert
8	Senior Manager	Senior Advisor
7	Manager/Supervisor	Advisor
6		Senior Specialist
5		Specialist
4		Senior Technician
3		Senior Administrative Support/Technician
2		Administrative Support; Senior Service Associate
1		Clerical Support; Service Associate

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NAPA model

The National Academy of Public Administration (NAPA) recently completed a study of job classification for the federal government. The NAPA model classifies work rather than positions, because "classifying work places an organization in the best posture to develop, promote and use the skills of its work force." Position classification ignores fundamental factors that affect work, such as motivation, creativity, and interaction with other people. Focusing on work rather than positions creates incentives for employees to take on new tasks and develop new skills.

The NAPA model groups current government job classifications into 10 to 20 occupational families based on similarities in career progression, skill requirements, recruitment methods, training needs, and performance management. Classification standards for each occupational family are developed by defining the family on a governmentwide basis, including three classification levels that correspond to the logical career paths of entry/developmental, full performance, and senior/expert. New employees generally begin work in a position at the entry/developmental or full performance level. Employees with technical expertise or superior performance may rise to the senior/expert level.

The NAPA model proposes to decentralize control over progression within the pay range and to relate pay more to performance. This model could give managers flexibility in managing pay and performance. The model has three parts: broad-banding, decentralizing to line managers, and managing to budget without artificial constraints. It also envisions eliminating centralized position-based management reflected in ceilings on the number of full-time equivalent employees.

Broad-banding

A recent Hewitt Associates study on broad-banding describes it as "a way to promote a career orientation versus a salary grade orientation. The five reasons most often cited for implementing broad-banding programs are to:

1. Facilitate internal transfers and job mobility

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2. Deemphasize promotions
3. Support a new organization culture or climate
4. Foster a flatter organization
5. Simplify and reduce administrative effort

Other reasons for implementing broad-banding include fostering a broadly skilled work force, increasing management flexibility, emphasizing individual performance, and minimizing the need for job evaluation and analysis. Broad-banding has radically fewer vertical levels and job titles and wider salary range boundaries than other classification systems. It is less concerned with level of the job in the organization and more concerned with employee involvement in the total organization.

Broad-banding has five key design features:

1. Fewer grade levels (bands) and titles
2. Wider salary ranges with no midpoints but with target salaries based on market pricing and pay equity
3. Two or more market-based pay ranges or broad classifications per band
4. Career tracks for both managerial and technical employees
5. Skill- and knowledge-based pay for nonmanagerial employees

In developing the number of bands for the organization, the most important consideration is the number of management layers required. One band for each management layer is preferable. A second consideration in setting the total number of bands is the number of levels necessary for individual contributor (nonmanagerial) bands. A banded structure will have no more than three professional levels, though one or two levels is more typical and desirable. Bands 5 and 6 in Figure 5 are the two professional levels in this hypothetical model of a broad-band structure. The goal is to eliminate excess and redundant levels in a system.

Seven of the 13 bands in Figure 5 are management layers. The issue of dual career tracks is addressed in the five "individual contributor" levels from "Advisor" to "Executive Expert." Most professional jobs are within the specialist and senior specialist job family bands in this model. Support and technical jobs are contained within bands 1 through 4.

Appendix P

PROPOSED REVISIONS PROCUREMENT STATUTES

610.021. Closed meetings and closed records authorized when, exceptions.-

(12) Sealed bids and related documents, until ~~the earlier of either when the bids are opened; or all bids are accepted or all bids are rejected~~ and sealed proposals and related documents or any documents related to a negotiated contract until a contract is executed, or all proposals are rejected.

34.010. Definitions.- ~~1. "Contractual services" shall include all telephone, telegraph, postal, electric light and power service, and water, towel and soap service.~~

~~2.~~ 1. The term "department" as used in this chapter shall be deemed to mean department, office, board, commission, bureau, institution, or any other agency of the state, except the legislative and judicial departments.

2. "Negotiation" means the process of selecting a contractor other than by competitive bids, whereby the commissioner of administration can establish any and all terms and conditions of a procurement contract by discussion with one or more prospective contractors.

4. The term "supplies" used in this chapter shall be deemed to mean supplies, materials, equipment, and contractual services and any and all articles or things, except as in this chapter otherwise provided.

34.031. Recycled products, preference for products made from solid waste-elimination of purchase of products made from polystyrene foam-commissioner of administration, duties-report. -

~~10. The commissioner of administration may either participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any supplies, materials, equipment, contractual services and any and all articles or things and the rental or leasing of any equipment, articles or things with one or more governmental entities, both within and without the state of Missouri, in accordance with an agreement entered into between the participants, provided that such procurements are based upon competitive bids or proposals.~~

34.040. Purchases to be made on competitive bids, when, how-standard specifications, when.- ~~All purchases shall be based on competitive bids except that the commissioner may make purchases of less than one thousand dollars in value on the open market.~~

1. All purchases in excess of five thousand dollars shall be based on competitive bids, except as otherwise provided in this chapter.

2. On any purchase where the estimated expenditure shall be ~~ten~~ twenty five thousand dollars or over, the commissioner of administration shall: (a) advertise for bids in at least two daily newspapers of general circulation in such places as are most likely to reach prospective bidders or provide such information through an electronic medium available to the general public at least five days before bids for such purchases are to be opened. Other methods of advertisement, however, may be adopted by the commissioner of administration when such other methods are deemed more advantageous for the particular item to be purchased; ~~On purchases where the estimated expenditure is less than ten thousand dollars, bids shall be secured without advertising. In all cases, the commissioner of administration shall (b) post a notice of the proposed purchase; and He shall also, on all purchases estimated to exceed ten thousand dollars, (c) solicit bids by mail or other reasonable method from prospective suppliers. All bids for such supplies shall be mailed, or delivered to the office of the commissioner of administration so as to reach such office before the time set for opening bids.~~

3. The contract shall be let to the lowest and best bidder. The commissioner of administration shall have the right to reject any or all bids and advertise for new bids, or ~~with the approval of the governor,~~ purchase the required supplies on the open market if they can be so purchased at a better price. When bids received pursuant to this section are unreasonable or unacceptable as to terms and conditions, noncompetitive, or the low bid exceeds available funds and it is determined in writing by the commissioner of administration that time or other circumstances will not permit the delay required to resolicit competitive bids, a contract may be negotiated pursuant to this section, provided that each responsible bidder who submitted such a bid under the original solicitation is notified of the determination and is given a reasonable opportunity to negotiate. In cases where the bids received are noncompetitive or the low bid exceeds available funds, the negotiated price shall be lower than the lowest rejected bid of any responsible bidder under the original solicitation.

4. All bids shall be based on standard specifications wherever such specifications have been prepared by the commissioner of administration ~~as provided in section 34.050.~~ The commissioner of administration shall make rules governing the delivery, inspection, storage and distribution of all supplies so purchased and governing the manner in which all claims for supplies delivered shall be submitted, examined, approved and paid. He shall determine the amount of bond or deposit and the character thereof which shall accompany bids or contracts.

34.042. Competitive bidding may be waived when: Competitive proposals when.-

~~The commissioner of administration may waive the requirement of competitive bids for the purchase of food items when special temporary market conditions exist and the food items can be purchased for at least ten percent less than the most current bid price for the same food items.~~

1. When the commissioner of administration determines that the use of competitive bidding is either not practicable or not advantageous to the State, a contract may be procured by competitive proposals. All purchases in excess of five thousand dollars to be made under this section shall be based on competitive proposals.

2. On any purchase where the estimated expenditure shall be twenty five thousand dollars or over, the commissioner of administration shall: (a) advertise for proposals in at least two daily newspapers of general circulation in such places as are most likely to reach prospective offerors or provide such information through an electronic medium available to the general public at least five days before proposals for such purchases are to be opened. Other methods of advertisement, however, may be adopted by the Commissioner of Administration when such other methods are deemed more advantageous for the particular item to be purchased; (b) post notice of the proposed purchase; and (c) solicit proposals by mail or other reasonable method from prospective offerors. All proposals for such supplies shall be mailed, or delivered to the office of the commissioner of administration so as to reach such office before the time set for opening proposals. Proposals shall be opened in a manner to avoid disclosure of contents to competing offerors during the process of negotiation.

3. The contract shall be let to the lowest and best offeror as determined by the evaluation criteria established in the request for proposal and any subsequent negotiations conducted pursuant to this subsection. In determining the lowest and best offeror, as provided in the request for proposals and under rules promulgated by the commissioner of administration, negotiations may be conducted with responsible offerors who submit proposals selected by the commissioner of administration on the basis of reasonable criteria for the purpose of clarifying and assuring full understanding of and responsiveness to the solicitation requirements. Those offerors shall be accorded fair and equal treatment with respect to any opportunity for negotiation and subsequent revision of proposals. Revisions may be permitted after submission and before award for the purpose of obtaining best and final offers. In conducting negotiations there shall be no disclosure of any information derived from proposals submitted by competing offerors. The commissioner of administration shall have the right to reject any or all proposals and advertise for new proposals, or purchase the required supplies on the open market if they can be so purchased at a better price.

34.044. Competitive bidding may be waived-sole source-when.-

1. The commissioner of administration may waive the requirement of competitive bids or proposals for supplies when he or she has determined in writing that there is only one economically feasible source (sole source) for the item. Sole source awards under this section may include but not be limited to the procurement of items available at a discount for a limited period of time.

2. On any sole source purchase where the estimated expenditure shall be five thousand dollars or over, the commissioner of administration shall post notice of the proposed purchase. Where the estimated expenditure is twenty-five thousand dollars or over, the commissioner of administration shall also advertise his intent to make such purchase in at least two daily newspapers of general circulation in such places as are most likely to reach prospective offerors or provide such information through an electronic medium available to the general public at least five days before the contract is to be let. Other methods of advertisement, however, may be adopted by the commissioner of administration when such other methods are deemed more advantageous for the particular item to be purchased.

34.045. Competitive bidding may be waived-emergency purchases-when.- The commissioner of administration may waive the requirement of competitive bids or proposals for supplies when the commissioner of administration has determined that there exists a threat to life, property, public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property, to prevent or minimize serious disruption in State services, or to ensure the integrity of State records. Emergency procurements shall be made with as much competition as is practicable under the circumstances.

34.046. Cooperative purchasing with other governmental entities- The commissioner of administration may either participate in, sponsor, conduct, or administer a cooperative purchasing agreement whereby supplies are procured directly from another governmental entity or in accordance with a contract established by the other governmental entity. The contract must be established in accordance with the laws and regulations applicable to the establishing entity.

34.050. Regulations for purchase of supplies-rules generally, promulgation, review-procedure.- 1. The commissioner of administration shall make and adopt such rules and regulations, not contrary to the provisions of this chapter, for the purchase of supplies and prescribing the purchasing policy of the state as may be necessary. ~~He shall classify the requirements of the state government for supplies; adopt as standards the minimum~~

~~number of qualities, sizes and varieties of such supplies as is consistent with the successful operation of the state government: and prepare, adopt, promulgate, and enforce written specifications describing such standards. In the preparations of such rules, regulations, classifications, standards and specifications, the commissioner of administration shall consult with and have the assistance of a committee to be appointed by the governor and to consist of one representative from the department of highways, one from the department of elementary and secondary education, one from the department of social services, and two representing other departments. The commissioner of administration shall be ex officio chairman of the committee. The commissioner of administration may, with the consent of the governor, exempt any department from the use of the commodity described in any standard specification.~~

34.060. Requests for bids on supplies and materials to be in general terms to recite preference for Missouri products.- ~~Except as provided in section 34.044, all requests hereafter made for bids and proposals for materials, products, supplies, provisions and other needed articles to be purchased at public expense, shall be made in general terms and by general specifications and not by brand, trade name or other individual mark, provided such article to be purchased can be definitely described without the designation of such brand, trade name or other individual mark. All such requests and bids shall contain therein a paragraph in easily legible print, reading as follows: "By virtue of statutory authority, a preference will be given to materials, products, supplies, provisions and all other articles produced, manufactured, made or grown within the state of Missouri."~~

34.076. Missouri contractors, public works, preference, when, exceptions.-

3. Subsection 1 of this section shall not apply to any public works or product transportation where the bid is less than five hundred thousand dollars.

34.090. Laws requiring purchase from state institutions to be given effect.- If any law shall provide that the state shall purchase for its own use the ~~products manufactured by any institution of the state~~ supplies available through any institution of the state or shall give preference to the ~~products~~ supplies of any such institution, the provisions of this chapter shall be deemed modified to permit the commissioner of administration to purchase such ~~products~~ supplies or give such preference in any manner prescribed by such law.

~~**34.100. Direct purchases and emergency purchases, when authorized, procedure.-**
1. The commissioner of administration shall have power to authorize any department to purchase direct any supplies which in his judgment can best be purchased direct by such department. He shall prescribe rules under which such direct purchases shall be made;~~

~~provided, however, that all such direct purchases shall be based upon competitive bids as otherwise required by this chapter. The commissioner in promulgating such rules may establish a procedure for a waiver of competitive bids where the bids received are not acceptable or where a minimum number of bids was not received and may allow for rebidding. The rules also may provide for a waiver of the bid procedure and may allow departments to negotiate the purchase of services for patients, residents, or clients with funds appropriated for this purpose. Each waiver issued by the commissioner shall be valid for no longer than one year and may be renewable by the commissioner. All such direct purchases shall be reported immediately to the commissioner of administration, together with all bids received and prices paid. No claim for payment based upon any such direct purchase shall be certified by the commissioner unless accompanied by such documentation of compliance with the provisions of this chapter as he may required.~~

~~2. The commissioner shall have power to make or to authorize emergency purchase not to exceed the cost of one thousand dollars to be made direct by any department.~~

34.100. Delegation of authority to agencies.- The commissioner of administration may when in his best judgment it is in the best interests of the state delegate his procurement authority pursuant to this chapter to an individual department; provided, however, that each instance of sole source purchasing authority in excess of five thousand dollars under section 34.044 must be specifically delegated by the commissioner. The delegation may allow departments to negotiate the purchase of services for patients, residents, or clients with funds appropriated for this purpose. In accepting this delegated authority the department acknowledges its ability to and agrees to fulfill all of the requirements of this chapter in making purchases and entering into contracts, and keeping records. No claim for payment based upon any purchase under this section shall be certified by the commissioner unless accompanied by such documentation of compliance with the provisions of this chapter as he may require. Any department that fails to fulfill all such requirements may have its delegated authority rescinded by the commissioner of administration.

34.120. Departments to report supplies on hand, records of purchase.- Each department shall make such reports of supplies on hand, or which may be needed, as the commissioner of administration may direct. All reports, bids, specifications and contracts, and all records of purchases and sales of any kind, ~~whether by the commissioner of administration or by departments as authorized by him made by the commissioner of administration~~ shall be kept in the office of maintained by the commissioner of administration and shall be open to inspection by the public as prescribed in RSMO 610.021. After having kept any papers or records referred to in this section for a period of ~~five~~ three years the commissioner of administration may destroy or otherwise dispose of said records.

34.180. To determine form of printed matter-exceptions.- The commissioner of administration shall advise with the officials and heads of departments as to the preparation of manuscript or copy for any printed matter, so the same may be handled in the most economical manner in the editing and printing. The form, style, size and arrangement of type, the spacing of lines, the width of borders and margins, the kind of binding, the method and material of all public printing, when not otherwise prescribed by law, shall be determined by the commissioner of administration having proper regard for economy and workmanship and the purpose for which the work is needed, except that (1) the form of legislative printing may be prescribed by the general assembly, and (2) that after consultation with the commissioner of administration, the clerk of the supreme court may determine the typography of work done for the courts and the board of curators of the university of Missouri and the boards of regents of the state colleges may determine the typography of work done for their respective institutions. The commissioner of administration, ~~with the assistance of the purchasing committee provided in this chapter,~~ shall standardize as many items of printing as are deemed practicable and shall from time to time prepare instructions to the using agencies describing the standards adopted and thereafter the commissioner of administration shall not honor requisitions which do not comply with the standards.

34.210. Printing contracts to be let on competitive bids-exceptions.- ~~When the commissioner of administration shall have~~ procures a contract for the public printing of the state, such contract shall be executed upon competitive bids, as provided in section 34.040, subject to the exceptions otherwise provided in this chapter, ~~and shall award the contract to the lowest and best bidder and shall in all instances reserve the right to reject any and all bids; provided, that printing jobs of less value than one thousand dollars may be purchased on the open market if approved by the commissioner of administration. The commissioner of administration may combine orders or subdivide individual jobs for the purpose of advertising and contracting as shall be to the best interests of the state. The commissioner of administration shall exercise diligence in soliciting bids from all printing firms in the state that might reasonably be expected to be interested in bidding on any particular item and shall at all times endeavor to maximize competition among potential bidders. Bonds satisfactory to the commissioner of administration shall be given by the parties to whom contracts are awarded, to secure the faithful performance of such contracts.~~

34.353. All public agencies and political subdivisions to purchase or lease only goods or commodities produced in the United States, exceptions, procedure.-

2. This section shall not apply where the purchase, lease, or contract involves an expenditure of less than one twenty five thousand dollars. This section shall not apply when

only one line of a particular good or product is manufactured, assembled or produced in the United States.

~~34.357. Contracts or subcontracts made prior to September 28, 1987, effect. Sections 34.350 to 34.359 shall apply only to contracts and subcontracts entered into after September 28, 1987, and shall not limit the use or supply of manufactured goods or commodities purchased or leased prior to September 28, 1987.~~

Appendix Q

STATUTES RECOMMENDED FOR FUTURE REVIEW

<u>Section</u>	<u>Synopsis</u>
3.110	requires the printing of state statute to be obtained through DPMM as otherwise required by law
Ch.37	Chapter 37 establishes the Office of Administration. It contains several references to procurement and approval processes which affect the procurement process. Specifically:
37.050 9.(5)	requires Division of DP&T to establish procurement procedures for data processing needs. Therefore, DP&T approval is required before DPMM handles procurement process.
37.012	permits quasi-public governmental bodies to participate in cooperative procurement program
37.300-.390	establishes Forms Management Unit and requires prior approval of unit prior to procurement of forms, copy machines
Ch. 67.330-.370	allows political subdivisions to contract with state agencies and to participate in cooperative procurement program
Ch. 70.220	allows political subdivision to contract with other political entities
Ch. 107.170	requires bonds on public work projects
Ch. 186.019	requires DPMM to report to Women's Council
Ch. 209.253	requires DPMM to competitively bid for a statewide dual-party relay system for deaf and hearing impaired communications
Ch. 217.090	commissioner of administration may lease buildings and grounds of Department of Corrections pursuant to public bid, but section 5 says the director of department shall sign the lease
Ch. 217.430	grants the director authority to contract for residential treatment facilities, does not mention bidding

- Ch. 217.565 requires Department of Corrections to comply with Chapter 34 in procurements for Missouri Vocational Enterprises (MVE) commissioner may waive bidding in certain instances
- Ch. 217.575 requires MVE to certify the products and services can not be provided by them before procuring on open market; requires Division of Purchasing to promote use of MVE goods and services
- Ch. 290.250 requires inclusion of prevailing wage determinations in repair service bids
- Ch. 414.400-417 requires fuel conservation standards be met in the procurement of automobiles

Appendix R

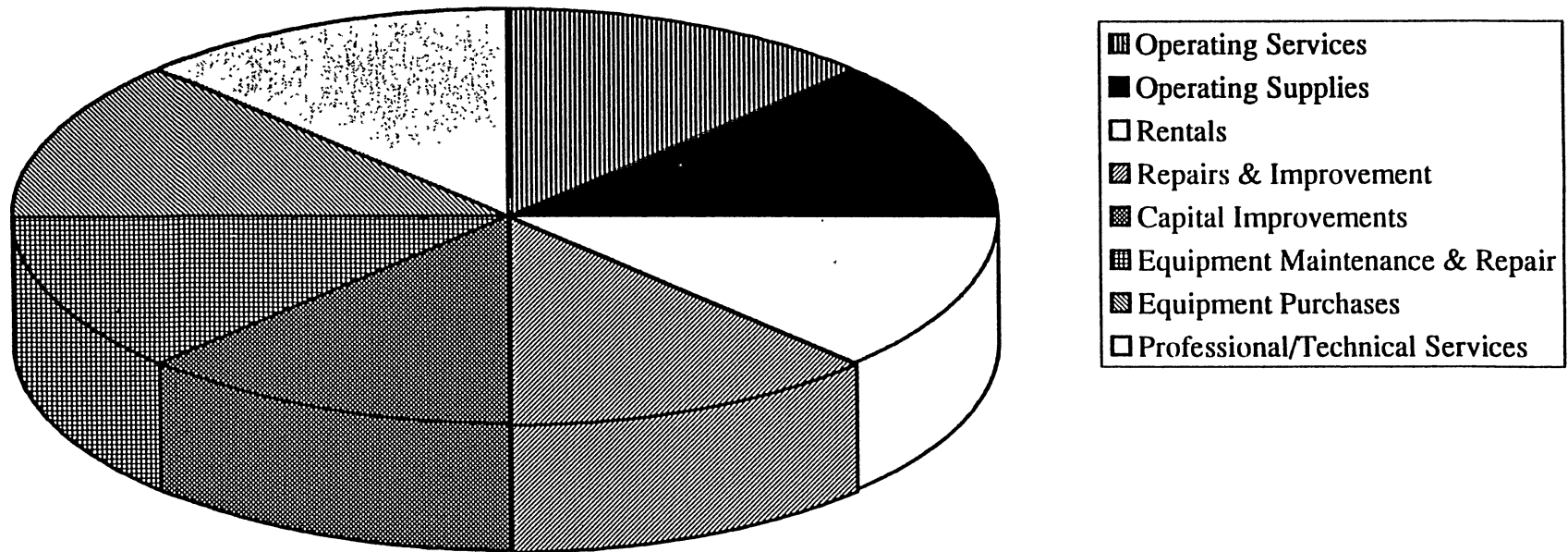
Projected Missouri Savings

5% Reduction in Vendor Prices*	\$22,500,000
Paper	\$112,000
Postage	\$16,000
Electronic Invoice Processing**	<u>\$1,800,000 - \$3,900,000</u>
Total Savings	\$24,400,000 - 26,400,000

*. Savings were calculated based on a 5% reduction in products and services procurements of \$250 million of DPMM and \$200 million of agency purchases. The State of Oregon experienced a 9% reduction.

** Savings were calculated based on a \$5 EDI cost per processed invoice versus an industry estimate of \$10 for manually processing the invoice for a range of 317,000 to 634,000 warrants.

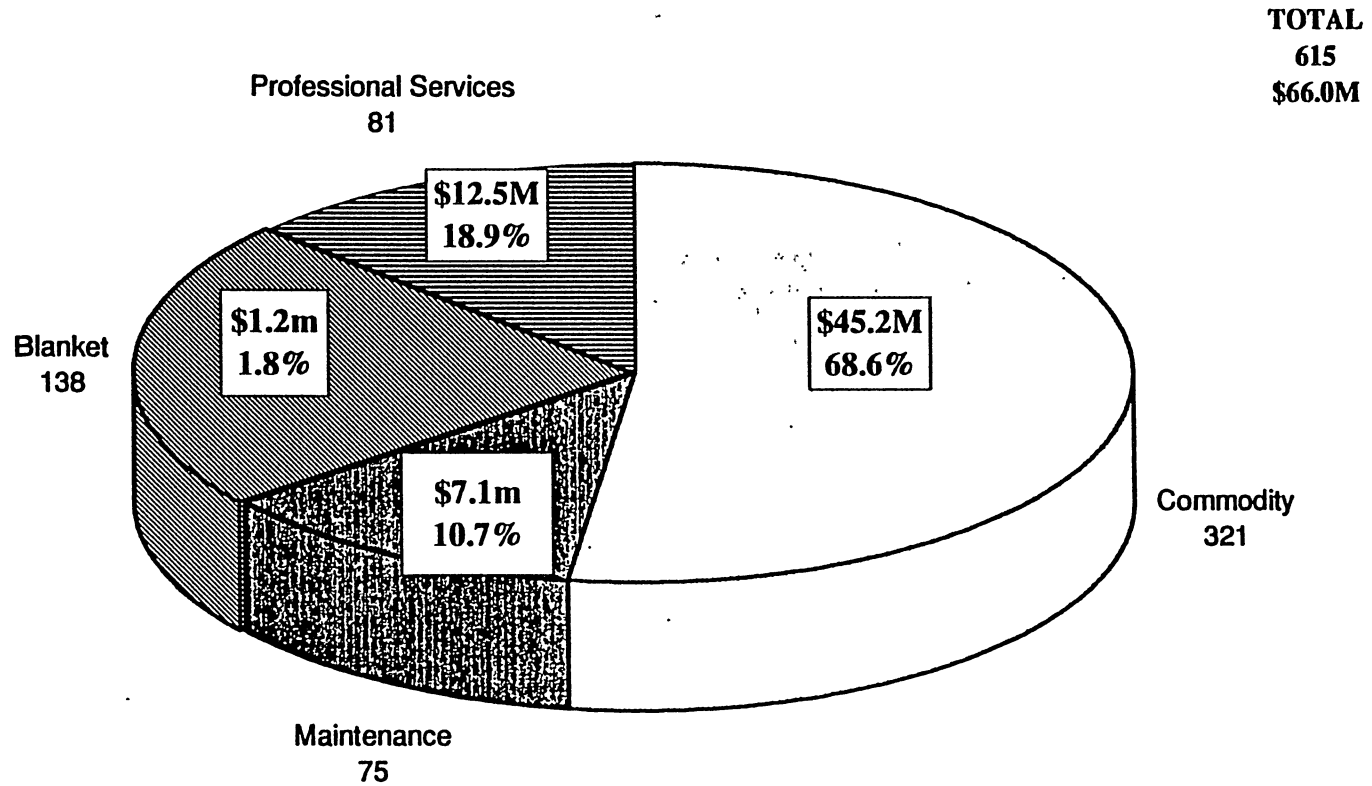
Missouri Statewide Procurement



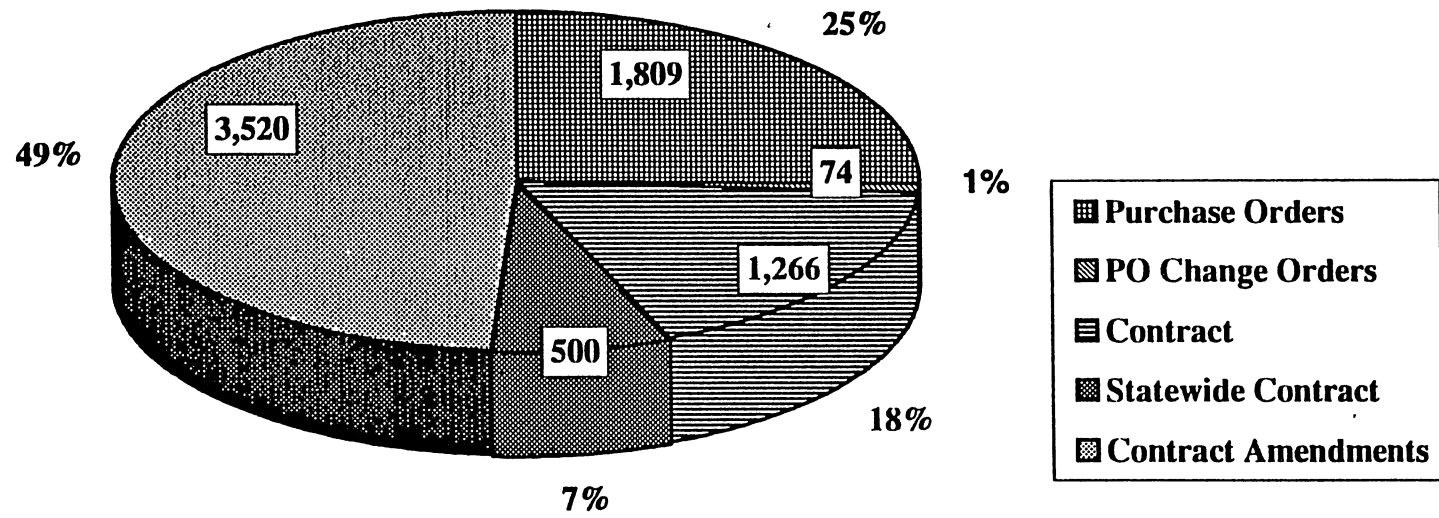
**Chart illustrates how \$3.5 Billion procurement dollars were spent.
The exact amount by category cannot be reconciled to \$3.5 Billion.**

STATEWIDE CONTRACTS

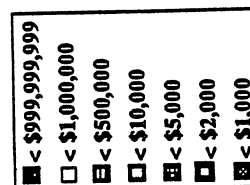
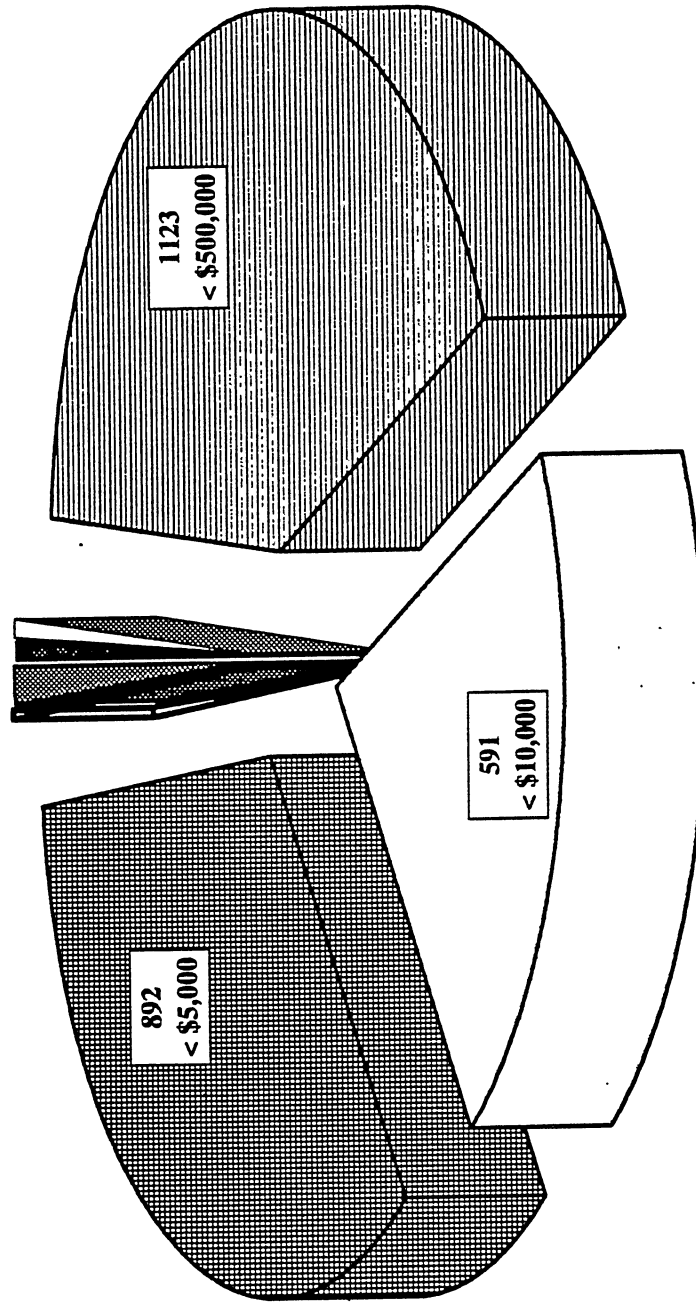
As of 3/1/94



Division of Purchasing and Material Management Procurement
Activity
FY 93



< \$2,000 = 10
 < \$1,000 = 30
 < \$999,999,999 = 17
 < \$1,000,000 = 13



COMPARISON OF REQUISITIONS AND \$ VALUE
 FY 93

Appendix W

State of Oregon Client/Server Procurement System

IBM AS 400 E50 Computer System	\$240,000
Modems (13)	6,000
Marketing/Training Development (VIP)	100,000
Procurement Centers (150)	17,000
Funding to Assist Procurement Center Implementations	25,000
486 PC Based Workstations (15/Buyers)	30,000
Total Expenditures	\$478,000

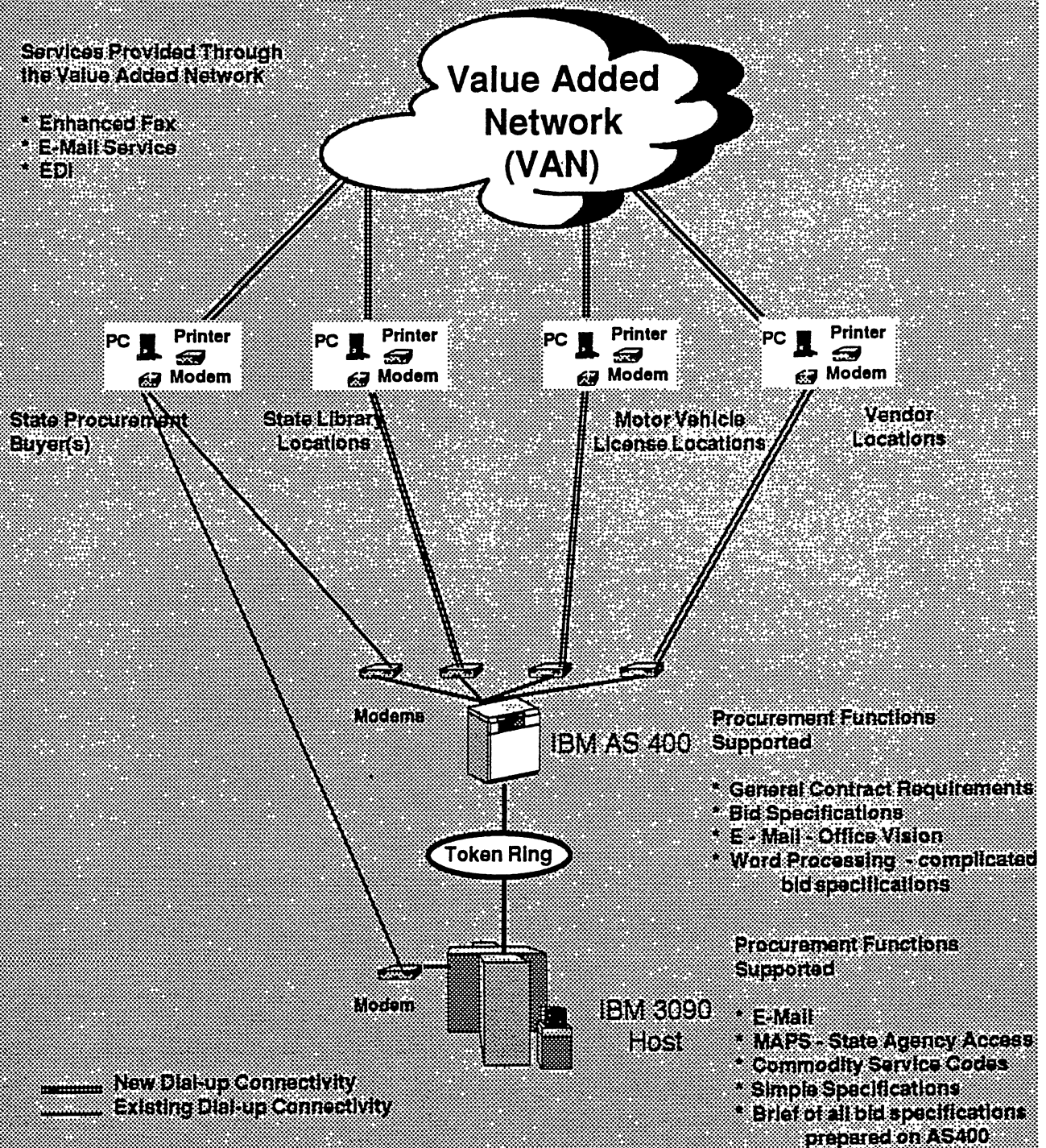
Note:

1. Most of the access is directly from vendor locations. Procurement centers account for about 1% of the total access.
2. E50 Systems upgraded from E25 and currently running at 50% capacity.
3. Historical vendor information is available for access back to 1989.
4. Supports procurement purchases estimated at \$465 million (\$160M products/services; \$200M agency handled purchases under \$20,000; \$100M in personal services).
5. State of Kentucky current implementing the Oregon system (using existing AS400).
6. Trailing use of credit card purchasing for items on state contract to reduce purchase order issuance. Savings so far is \$134,000.

State of Missouri Proposed Procurement System

Services Provided Through the Value Added Network

- Enhanced Fax
- E-Mail Service
- EDI



Appendix Y

Focus Group Ideas -- The following list represents ideas presented by the focus groups which were held by the COMAP task force. This listing is intended as a platform for future discussions and does represent recommendations for implementation.

Need updated list of buyer assignments

Establish an emergency hot line that is staffed 8 hours per day

Realize that different departments have different procurement needs (supplies vs services)

Agencies should use E-Mail to communicate

Update PD71 more often and include information on seminar bidding

Need a quick reference MAPS manual

A video on procurement procedures to show to new employees

Procedure manuals should include the why?, how come? and who says?. Statutory references would be helpful.

Need to be more consistent in use of evaluation teams

Management level department personnel need training

Each department will send a copy of its procurement manual to DPMM

Agency is frustrated that same vendors get the contracts even though their quality never improves.

Agencies need to communicate delivery and quality of product back to DPMM

Develop an order report card to be used with each order to rate delivery, quality, etc.

Include quality control testing and reporting

Problem with state contracts. Item can be bought at Wal-Mart cheaper, particularly with computers.

At fiscal year end shift certain responsibilities to agencies temporarily.

If authority delegated to agencies is increased, DPMM should develop better guidelines and training on specification writing.

Leave the day-to-day purchasing at the department level. DPMM should be more of a resource for special purchases

A liaison assigned to each department would be a good idea

A procedure is needed for acceptance of fax bids.

If a department can beat the state contract by a certain percentage, let agency but it.

Individual buyers should spend time with their counterparts in the departments and vice versa.

Need some kind of agreement or coordination of effort between OA/DPMM and Dept of Highways and Transportation. Other agencies would like to buy off their contracts.

MAPS needs to be less cumbersome and more user friendly

Agency wants more information on how to fully utilize MAPS

Need more cross training in DPMM

Need a better way to communicate what is available on statewide contracts. Use of an electronic bulletin board would be nice.

Let any agency purchase from another agency's contract.

Agencies should have input into what is included in a statewide contract.

If DPMM decides not to renew a statewide contract, the agency needs to know before the current contract expires.

Need to clarify what is DPMM responsibility vs what is using agency responsibility.

If bid authority is increased, leave the departments the option to utilize DPMM for bids.

On statewide contracts need exact item numbers for ordering purposes.

PROCUREMENT GLOSSARY

BLANKET CONTRACT A regional contract established for convenience of agencies to purchase small usage level items e.g., auto repair supplies, building supplies. Usually priced as a % off list price.

BUYER The procurement staff member within the Division of Purchasing and Material Management.

CLIENT SERVER SYSTEM A computer system that supports the sharing of files (i.e., information) that resides on it. It is available to all clients of the system such as vendors, state agency members, buyers, etc.

COMMODITY CONTRACT A contract issued for tangible (hard) goods.

CONTRACT A formal term agreement between a vendor and the state.

CONTRACT AMENDMENT A document issued to officially modify a contract.

DISKETTE A magnetic disk used with personal computers to store computer software and customer data.

ELECTRONIC BULLETIN BOARD Information that is stored electronically and viewed by anyone having access to the network. It may contain announcements, specification modifications, schedule changes, etc.

ELECTRONIC CATALOG A catalog of goods and services and their associated contract information that is stored electronically and is available to anyone who has access to the network.

ELECTRONIC DATA INTERCHANGE (EDI) A means for the electronic payment, ordering and exchange of information by anyone having access to the network.

ELECTRONIC MAILBOX Mail capability which allows a user of the network to receive and send messages to anyone else who has access to the network.

ENHANCED FACSIMILE (FAX) SERVICE FAX capability which allows the sender to fax a document to one or multiple fax recipients more efficiently over a specified period of time with confirmation of fax received.

IBM AS 400 Micro or Mid-range computer system used to support specific or special computing needs for clients or agencies. Approximately fifty AS400s are used by the State of Missouri. The E50 system was the specific model used by the State of Oregon to support their procurement activities.

INVITATION FOR BID A request to vendors for formal submission of pricing for specific goods and/or services.

MAINFRAME A computer system that has the capability to support a large number of users and has very large storage capacity.

MAINTENANCE CONTRACT A contract established on a monthly, annual, or multi-year basis to provide on-going equipment repair support.

MISSOURI AUTOMATED PROCUREMENT SYSTEM (MAPS) The State of Missouri's procurement system currently used to provide automated support. Current system does not provide vendor access.

MODEM A communication device (equipment) used to enable personal computers or terminals to remotely communicate with more powerful computers over a regular or special telephone line.

PD71 Purchasing directive which grants procurement authority to state agencies and delineates procedural requirements.

PERSONAL COMPUTER (PC) A desktop or lap top device capable of storing and processing computation requests.

PERSONAL COMPUTER 486 BASED WORKSTATION A specific model of personal computer user by buyers and other state employees in Missouri.

PROCUREMENT CENTER Public locations (i.e., public library, chambers of commerce, State Government offices, etc.) within the State of Oregon where equipment has been provided for vendor access to the State's procurement system.

PURCHASE ORDER (PO) A one time agreement for purchase of goods.

REQUEST FOR PROPOSAL (RFP) A request to vendors for formal submission of price and performance method. Specifications are more open allowing the bidder to define how they will perform to meet all standards.

REQUEST FOR QUOTATION (RFQ) A request to vendors for informal submission of prices (e.g., through telephone) for specific goods and/or services.

REQUISITION A request sent to a procurement entity by a state agency identifying the requirements and quantity of goods and services to be purchased.

SERVICE CONTRACT A contract issued for the acquisition of intangible services such as consulting, trash collection, transportation, etc.

STATEWIDE CONTRACT A contract utilized by any state agency for purchase of goods and/or services.

TOKEN RING A local area network based on a scheme that provides sharing the network by multiple users while not creating blockage. The scheme utilizes a "token" that is held by the user who must transmit information. The token is not released until the communication is complete and then freed for other users of the network.

VALUE ADDED NETWORK (VAN) A public network capable of providing specialized service (i.e., Electronic Mail, FAX, EDI) on a more universal basis to anyone needing to communicate on a more transparent basis.

VENDOR INFORMATION PROGRAM (VIP) State of Oregon's fully automated bid access and purchasing information system.

WARRANT Payment issued by the State of Missouri for goods or services received.

